# Health

**Annual Report**
2014–15

Alberta
Government

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# Health

## Annual Report
2014–15

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# Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act.* The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

The annual report of the Government of Alberta contains the consolidated financial statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On September 15, 2014, the government announced new ministry structures. The 2014-15 ministry annual reports and financial statements have been prepared based on the new ministry structure.

The newly created Ministry of Seniors assumed responsibility for seniors programs and services from Ministry of Health.

**This annual report of the Ministry of Health contains the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:**

- **the financial statements of entities making up the ministry including the Department of Health, and provincial agencies for which the Minister is responsible,**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Management Act,* either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.**

**For financial information relating to Alberta Health Services, which is accountable to the Minister of Health, please visit the Alberta Health Services website at www.albertahealthservices.ca.**



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# Message from the Minister of Health

The Ministry of Alberta Health is responsible for developing policy and strategies that strengthen and maintain the quality of primary and community-based care and services that Albertans rely upon. The ministry consists of the Department of Health and several arms-length entities; including Alberta Health Services, the Health Quality Control Council of Alberta and Alberta Innovates – Health Solutions. Alberta Health also includes the office of the Office of the Chief Medical Officer of Health and the Office of the Chief Addiction and Mental Health Officer. Under the ministry's direction, all these parties are committed to providing quality healthcare programs and services and to the advancement of healthcare infrastructure so that Albertans have the supports they need to lead healthy lives.

While I have only been the Minister of Health since May 24, 2015, I am happy to report the results of the ministry for the 2014-15 fiscal year.

Looking ahead, the Alberta government and the Ministry of Alberta Health are committed to several key issues within the healthcare system. We will focus on patients and the stability of the overall healthcare system. This commitment includes opening long-term care beds, using existing hospital space better, improving homecare, supporting mental health patients, and ensuring that hospitals can meet the needs of our growing province

We are aware of the benefits of a broad team-based approach to help the system work better. Priority areas will be determined with input from and in collaboration with arms-length and front-line workers in the healthcare system. Funds will be directed to the provision of front-line services and to improving publically-delivered services available to all Albertans.

We are committed to working collaboratively with Albertans and our partners in the delivery of healthcare services to solve challenges and seek new opportunities that will serve to strengthen our province.

[Original signed by]

*Honourable Sarah Hoffman*
*Minister of Health*



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# Management's Responsibility for Reporting

The Ministry of Health includes:

- The Department of Health
- Alberta Health Services
- Health Quality Council of Alberta
- Alberta Innovates – Health Solutions

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Health. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information agrees with the underlying data and the sources used to prepare it.
- Understandability and Comparability – current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – performance measures and targets match those included in Budget 2014.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Health information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[original signed by]

*Janet Davidson*
*Deputy Minister of Health*
*June 5, 2015*



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# Results Analysis

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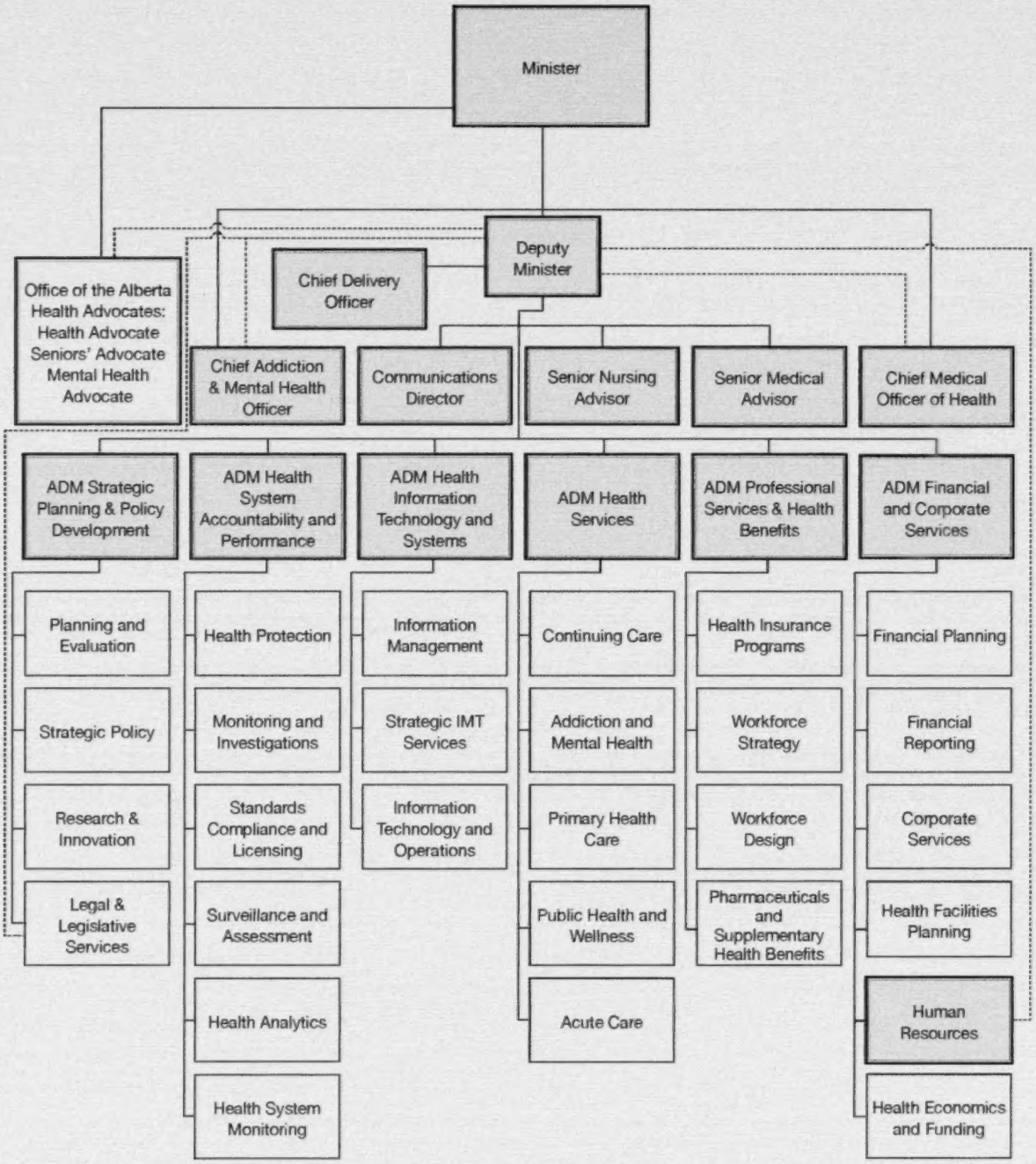
# Alberta Health




Alberta Health's focus and role is strategic in developing policy, setting standards and regulations, ensuring accountability, and pursuing innovations on behalf of Albertans. Alberta Health Services delivers health services in response to direction received from Alberta Health.



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### Deputy Minister's Office

The Deputy Minister's Office provides leadership and encourages innovation for the purpose of supporting healthy living, ensuring quality health services, leading the health system, and working collaboratively with partners. It provides policy coordination and issues management, human resources, and communications support and correspondence services for the minister and department.

**Communications** – The Communications branch provides Albertans and health system partners with information about Health's initiatives, programs and policies. Communications professionals develop ministry and cross-government communications plans, and offer communications consulting, assistance and advice. The branch works closely with Alberta Health Services and other reporting entities to coordinate ministry communications.

**Chief Delivery Officer** – The Chief Delivery Officer (CDO) is responsible for ensuring services are delivered in an effective, efficient and empathetic manner. The CDO enables service delivery renewal and evolution, drives innovation and redesign and pursues opportunities for service integration within the ministry and across government.

**Senior Medical Advisor** – The Senior Medical Advisor (SMA) provides executive leadership, strategic advice, and clinical expertise to the Deputy Minister and Executive Team on a wide range of provincial health policy and program-specific issues.

**Senior Nursing Advisor** – The Senior Nursing Advisor (SNA) provides executive leadership, strategic advice and nursing expertise to the Deputy Minister and Executive Team on a wide range of provincial health policy and program-specific issues relevant to delivery and care standards as best practices, as well as provides input into health human resource planning.

### Office of the Chief Medical Officer of Health

The Office of the Chief Medical Officer of Health (OCMOH) works within the ministry, across government ministries, and with other stakeholders to facilitate processes, policies and programs that build healthy communities. The OCMOH provides public health expertise to support health surveillance, population health and disease control initiatives on issues of public health importance. The Chief Medical Officer of Health reports directly to the Minister of Health, and is the principal spokesperson on public health for the department regarding communicable and non-communicable disease matters.

### Office of the Chief Addiction and Mental Health Officer

The Office of the Chief Addiction and Mental Health Officer (OCAMHO) provides executive leadership and public policy advice to the Office of the Minister of Health, the Deputy Minister and Executive Team on a wide variety of addiction and mental health issues affecting Albertans.

### Financial and Corporate Services Division

The Financial and Corporate Services Division forecasts and manages the ministry's budget and funds. It also monitors financial activities and prepares the department and ministry annual financial statements. The division oversees health facilities planning and coordinates infrastructure projects with Alberta Infrastructure and Alberta Health Services. The division is responsible for human resource services, corporate services, procurement services and economic support that enable the department to fulfill its mandate.

### Health Information Technology and Systems Division

The Health Information Technology and Systems Division is responsible for the administration of Alberta's *Health Information Act* including health information policy and advice as well as the strategic planning and delivery of information management and technology systems and services that support the enterprise strategic goals of the ministry, health system and Government of Alberta.



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**Health Services Division**

The Health Services Division oversees all service sectors of the healthcare system, with a significant focus on the policies and provincial strategies/blueprints associated with the delivery of services by Alberta Health Services and other agencies/organizations. Sectors of care include continuing care (long-term care, supportive living, and home care), addiction and mental health, primary healthcare, public health and wellness, and acute care (hospitals, ambulatory care and emergency medical services (EMS)). The division coordinates and integrates health system priorities and plans across other ministries and across national and provincial governments and organizations.

**Health System Accountability and Performance Division**

The Health System Accountability and Performance Division provides oversight and public assurance to Albertans that they are receiving the best care in a safe and effective manner. The division is responsible for overseeing the performance of Alberta Health Services. It is responsible for licensing, compliance monitoring, and investigations to ensure regulations and standards are being met across the health system. It analyzes and coordinates population health and health services information. It provides strategic direction and leadership in the development of provincial policies, strategies and standards in disease control and prevention, health surveillance, environmental public health and emergency preparedness.

**Professional Services and Health Benefits**

The Professional Services and Health Benefits Division oversees the provincial workforce policies and regulations, provider compensation and major agreements, pharmaceuticals and supplemental benefits and the governance and administration of the Alberta Health Care Insurance Plan. The division works in collaboration with stakeholders, including physicians, pharmacists, professional colleges and associations, and other partners to design and administer evidence-informed, value-oriented policies and health benefits that serve the needs of all Albertans.

**Strategic Planning and Policy Development**

The Strategic Planning and Policy Development Division works collaboratively with divisions to develop policies that meet system and Albertans' needs. The division is responsible for strategic and business planning, the development of strategic policy frameworks and health system policy; measurement and evaluation, policy tracking and corporate reporting; the intergovernmental relations function, and Freedom of Information and Protection of Privacy. It also liaises with Alberta Innovates – Health Solutions to translate research findings and innovation into new health policies. The division is also responsible for providing legal advice and support.



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# The Health Story

Alberta's health system has many challenges and opportunities that are driving system evolution, such as a growing and aging population.

The ministry has undertaken numerous initiatives that can help bring about the value-driven, large-scale shifts required to increase the effectiveness and efficiency of the health system. This section highlights the ministry's key accomplishments in 2014-15.

## Alberta's Accomplishments

**Promotion of Wellness**

Using a cross-ministry approach to determine shared, whole-of-government wellness outcomes, Alberta Health raised awareness about the importance of wellness to maintaining and improving Albertans' health. This approach is captured in *Alberta's Strategic Approach to Wellness*. The ministry worked towards establishing a foundation for enhanced wellness supports throughout the province, which may result in Albertans requiring fewer health services over the long-term and thus lower costs.

**Primary Health Care Reform**

The *Primary Health Care Strategy*, released in May 2014 sets the direction for Primary Health Care transformation and reinforces the vision for Albertans to be as healthy as they can be.

**Improved System Performance and Evaluation**

Alberta Health completed the three-year Results-Based Budgeting (RBB) process, to review the relevance, effectiveness and efficiency of programs and services. The RBB process helped establish performance measurement and evaluation in the ministry that can result in improved system accountability and strategic decision-making, such as the Outcomes Measurement Framework.

**Alberta Health/Alberta Health Services Performance Agreement**

Alberta Health collaborated with Alberta Health Services to produce the 2014-17 AH/AHS Performance Agreement. This Performance Agreement is organized by six health sectors (Population and Public Health; Primary Health Care; Acute Care; Continuing Care; Addiction and Mental Health; and Corporate: Research, Workforce, IM/IT, and Finance), lists the initiatives to be undertaken and the funds to be provided for each sector, and includes the measures, indicators, and activities or milestones to be used to monitor performance progress. The Agreement is grounded in the Outcomes and Measurement Framework.

**Improved Influenza Immunization Rates**

During the 2014-15 Influenza season, over 1.2 million Albertans were immunized (30% of the population) a 3% increase from last season (27%). In addition, 64% of healthcare workers have been immunized, a 7% increase from the previous season (57%). These increases are attributed to improved efficiencies within the program such as the use of wholesale distributors to pharmacies, an increase in the number of Albertans immunized by pharmacists, increased collaboration with stakeholders to address challenges and improved communication to the public and health providers.



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# Vision, Mission and Core Business

## Health's Vision

*Healthy Albertans in a Healthy Alberta.*

## Health's Mission

*To set policy and direction to improve health outcomes for all Albertans, support the well-being and independence of Albertans, and achieve a high quality, appropriate, accountable and sustainable health system.*

## Health's Core Business

*Improving Albertans' health status over time.*

## Health's Goals

GOAL 1 – Strengthened health system leadership, accountability and performance

GOAL 2 – Albertans have improved health as a result of protecting and promoting wellness and supporting independence

GOAL 3 – Albertans have enhanced access to high quality, appropriate, cost-effective healthcare and support services



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AUDITOR GENERAL *Alberta*

## Review Engagement Report

To the Members of the Legislative Assembly

I reviewed one of 13 performance measures in the Ministry of Health's Annual Report 2014–2015. The reviewed performance measure is the responsibility of the ministry and is prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodology agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodology and results are presented clearly.
- *Comparability*—The methodology for performance measure preparation is applied consistently for the current and prior years' results.
- *Completeness*—The goal, performance measure and related target match those included in the ministry's budget 2014.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the performance measure identified as reviewed by the Office of the Auditor General in the ministry's annual report 2014–2015 is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

March 19, 2015

Edmonton, Alberta

Performance measure reviewed by the Office of the Auditor General is marked with double asterisks (**) on the Performance Measures Summary Table.



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## Performance Measures Summary Table

| Goals/Performance Measure(s) | | Prior Years' Results | | | | Target | Current Actual |
|---|---|---|---|---|---|---|---|
| **1.** | **Strengthened health system leadership, accountability and performance** | | | | | | |
| 1.a* | Satisfaction with healthcare services received: Percentage of Albertans satisfied or very satisfied with healthcare services personally received in Alberta within the past year | 67% (2010-11) | 62% (2011-12) | 63% (2012-13) | 66% (2013-14) | 70% | 68% (2014-15) |
| **2.** | **Albertans have improved health as a result of protecting and promoting wellness and supporting independence** | | | | | | |
| 2.a | Influenza immunization: Percentage of Albertans who have received the recommended annual influenza immunization *** | | | | | | |
| | ▪ Seniors aged 65 years and over | 59% (2010-11) | 61% (2011-12) | 60% (2012-13) | 64% (2013-14) | 75% | 61% (2014-15) |
| | ▪ Children aged 6 to 23 months | 25% (2010-11) | 29% (2011-12) | 30% (2012-13) | 34% (2013-14) | 75% | 34% (2014-15) |
| | ▪ Residents of long-term care facilities | 90% (2010-11) | 91% (2011-12) | 89% (2012-13) | 88% (2013-14) | 95% | 90% (2014-15) |
| 2.b | Sexually transmitted infections: Rate of newly reported infections (per 100,000 population)*** | | | | | | |
| | ▪ Chlamydia | 356.1 (2010) | 371.2 (2011) | 393.6 (2012) | 399.6 (2013) | 305.0 | 403.3 (2014) |
| | ▪ Gonorrhea | 32.5 (2010) | 39.6 (2011) | 52.7 (2012) | 49.2 (2013) | 25.0 | 46.3 (2014) |
| | ▪ Infectious Syphilis | 4.7 (2010) | 2.4 (2011) | 3.2 (2012) | 2.9 (2013) | 3.5 | 3.7 (2014) |
| | ▪ Congenital Syphilis: Rate per 100,000 births (live and still born) | 11.9[R] (2010) | 3.9[R] (2011) | 0 (2012) | 0 (2013) | 0 | 0 (2014) |
| 2.c | Childhood immunization rates (by age two): | | | | | | |
| | ▪ Diphtheria, tetanus, pertussis, polio, Hib | 73% (2010) | 74% (2011) | 73% (2012) | 74% (2013) | 97% | 76% (2014) |
| | ▪ Measles, mumps, rubella | 86% (2010) | 86% (2011) | 84% (2012) | 85% (2013) | 98% | 88% (2014) |
| 2.d** | Healthy Alberta Risk Trend Index (HARTI): Average number of health risk factors per person aged 20 to 64 years | 2.20 (2009) | 2.17 (2010) | 2.17 (2011) | 2.22 (2012) | 2.05 | 2.12[†] (2013) |
| **Performance Indicators** | | | | | | | |
| 2.a | Patient safety: ▪ Percentage of Albertans reporting unexpected harm to self or an immediate family member while receiving healthcare in Alberta within the past year | 12% (2010-11) | 11% (2011-12) | 11% (2012-13) | 11% (2013-14) | NA | 12% (2014-15) |



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| Goals/Performance Measure(s) | | Prior Years' Results | | | | Target | Current Actual |
|---|---|---|---|---|---|---|---|
| 2.b | Life expectancy at birth | 81.43 (2010) | 81.59 (2011) | 81.68 (2012) | 81.71 (2013) | NA | 81.80 (2014) |
| **3.** | **Albertans have enhanced access to high quality, appropriate , cost effective healthcare and support services** | | | | | | |
| 3.a | Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network *** | 60% (2009-10) | 67% (2010-11) | 72% (2011-12) | 74% (2012-13) | 74% | 75% (2013-14) |
| 3.b | Access to continuing care: Percentage of clients placed in continuing care within 30 days of being assessed | --- | 64% (2011-12) | 67% (2012-13) | 69% (2013-14) | 73% | 60% (2014-15) |
| **Performance Indicator** | | | | | | | |
| 3.a | Emergency department length of stay:<br>▪ Percentage of patients treated and admitted to hospital within eight hours (all sites) | 53% (2010-11 | 55% (2011-12) | 55% (2012-13) | 54% R (2013-14) | NA | 48% (2014-15) |

*** Indicates Performance Measure has been audited by the Office of the Auditor General as part of Measuring Up 2015**

**** Indicates Performance Measure has been reviewed by the Office of the Auditor General as part of the Alberta Health 2014-15 Annual Report**

The HARTI was selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal.
- Measures for which new data is available.
- Measures that have well established methodology.

The table contains 7 performance measures and 3 performance indicators. Performance indicators show progress toward achievement of long-term outcomes that a ministry does not have direct influence over and, as such, no targets are required.

**Note:** Measure 2.d. Healthy Alberta Risk Trend Index (HARTI): Average number of health risk factors per person aged 20 to 64 years — Result for 2014 is not available for reporting in the 2014-15 Annual Report. The result is between 0 and 6, where from a risk factor perspective 0 would be most healthy and 6 would be most unhealthy (in terms of risky health behaviours for each indicator making up the HARTI – see Methodology section of this report for further details).

† In 2013, the question related to the frequency of binge drinking changed. The question now asks: How often in the past 12 months have you had (4 or more – for females)/ (5 or more – for males) drinks on one occasion? Previously the question asked both males and females about 5 or more drinks. This change prospectively affects the HARTI through the changes in binge drinking estimates. The 2013 results are therefore not directly comparable to the results of previous years.

***** Note:**

Measure 2.b Influenza immunization — Data are collected during the influenza season, when the vaccine is administered, which is typically from October 1 to March 31 each year. However, there may be immunization events which fall outside this range depending on how long the influenza virus circulates in Alberta, which are not included in the immunization rate data.

Measure 2.c Sexually transmitted infections: Rate of newly reported infections (per 100,000 population) Chlamydia; Gonorrhea; Infectious Syphilis; Congenital Syphilis: Rate per 100,000 births (live and stillborn). The 2014 results are preliminary and accurate as of December 31, 2014. In previous years, the case data was not available as a significant time period is required to confirm the diagnosis for possible cases. Once a case is confirmed, it is reported to Alberta Health; annual data must then be updated to reflect the new information.

R – Revised historical results.

Measure 3.a. Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network — Result for 2014-2015 is not available for reporting in the 2014-15 Annual Report.

Indicator 3.a. R – Revised historical result for 2013-14, as per AHS Quarterly Monitoring Measures (http://www.albertahealthservices.ca/11175.asp)

**For more detailed information, see the Performance Measures – Data Sources and Methodology section of the annual report, pages 29 to 36.**



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## Discussion and Analysis of Results

**GOAL 1: Strengthened health system leadership, accountability and performance**

## Achievements

**Priority Initiative**

**1.1 Continue to enhance and expand Alberta's electronic health records and personal health portal in order to foster greater sharing of health information between service providers and Albertans through a review of the *Health Information Act* and an enhancement of health data analytics capacity.**

The Alberta Netcare deployment team enabled authorized health information custodians to have access to the provincial Electronic Health Records (EHR). As of March 2015, 50,106 care providers had access to the EHR.

**1.2 Implement the Alberta-based Health System Outcomes and Measurement Framework as a catalyst for more strategic decision-making.**

The Outcomes and Measurement Framework (OMF) was applied during the Results-Based Budgeting (RBB) process to allow program and policy areas to map their current and desired state outcomes to the greater system outcomes outlined in the OMF.

An Evaluation Framework was developed to complement the OMF and allow for full scope evaluation and measurement work to continue.

**1.3 Lead the ongoing development and implementation of provider supply and compensation strategies to support health workforce policy, planning, forecasting, governance frameworks and agreements.**

**Physician compensation**

Alberta Health implemented and maintained the governance framework established by the Alberta Medical Association Agreement, including the Physician Compensation Committee. This committee successfully completed all requirements associated with establishing financial allocations.

**Physician Supply**

Alberta Health developed and implemented policies regarding the education and retention of physicians. Each year approximately 1,600 medical residents train through Alberta's two medical schools and over 300 undergraduate medical students commence their medical studies. Medical residents provide direct clinical services during their two to eight years of training. Approximately 70% of Alberta's medical graduates set up practice in Alberta, which is the second-highest retention rate in Canada. As at March 31, 2015, Alberta had 9,562 physicians licensed in the province.

**Optometric Services Master Agreement**

The new 4-year Optometric Services Master Agreement is effective from April 1, 2014 to March 31, 2018. Alberta Health identified potential net health system savings of $37.1 million through implementation of additional and amended optometric diagnostic services.

**Internationally Educated Health Professionals**

With federal and provincial support, the new bridging program for internationally educated physical therapists (IEPTs), established at the University of Alberta (U of A), prepares IEPTs for licensure in Alberta. Success in high employment rates for graduates, high demand for the program across the province and Canada, and contribution to institutional sustainability since the program will become a cost-recovery free-standing credit certificate at the U of A.



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**Collaborative Practice and Education (CPE)**

Alberta Health published a web based interactive tool to support health providers and students in their understanding of the purpose and importance of CPE. The goal of CPE is to shift all health providers to work within a collaborative, team-based model of service delivery. Collaborative teams enable safe, high quality, person-centred care for Albertans.

**1.4 Work with the health profession regulatory colleges to review the *Health Professions Act* and identify revisions required to better enable the colleges to regulate the professions, and protect the public while maintaining accountability.**

**Optometrists Scope of Practice Expansion**

During 2014, Alberta Health worked with the Alberta College of Optometrists to amend the Optometrist Profession Regulation. The ministry continues to work with health professions, such as registered nurses and dietitians, to expand their proposed scopes of practice to improve health services while maintaining our shared commitment to public safety.

**1.5 Improve the efficiency and responsibility of ground and air ambulance.**

Alberta Health has standardized billing rates to ensure that Albertans pay the same rates for ambulance services, regardless of their location (urban, rural or remote). A grant has been issued for the addition of two new STARS helicopters to improve patient access and care. As well, a grant has been issued for critical care protocol development and critical care training for air medical crews.

Alberta Health partnered with AHS in the development and implementation of a palliative care initiative and end-of-life care provincial initiative to better support palliative patients to remain in their homes and communities. The Emergency Medical Services (EMS) Assess, Treat and Refer (ATR) Program allows for timely assessment of symptom crisis and support to avert unnecessary transport to Emergency Department or Acute Care locations. As the program broadens across Alberta, the EMS ATR data reflects success with increasing numbers of averted transports.

**1.6 Increase organ and tissue donations and transplant system efficiency through the creation of an organ and tissue donation registry and agency.**

Agency staff collaborated with public stakeholders and AHS on activities to promote awareness of organ and tissue donation and increase the number of Albertans registered. To support establishment of the agency, across-jurisdictional analysis of leading donation agencies in Canada and internationally was completed and the functions of an effective and efficient organ and tissue donation system have been documented. Based on this analysis and consultations with AHS donation programs, priority actions for the Agency in 2015-16 were identified.

**1.7 In partnership with Alberta Health Services and Agriculture and Rural Development, streamline and integrate the food safety inspection system.**

Alberta Health, Alberta Health Services and Agriculture and Rural Development have been working together to align inspection processes and develop a standardized approach to food safety. Inspection schedules are now aligned, and the standardization of record keeping requirements for meat processing facilities has begun. Plans for further alignment, standardization and public reporting are well underway.

**1.8 Increase Alberta's health system capacity for evidence-informed practice through data, research, innovation and health technology assessment.**

Alberta's key health research stakeholders signed Reciprocity, Data-Sharing and Governance agreements which resulted in a new model for health research and ethics in the province.

Three Health Research Ethics Boards (HREBs) (down from six) are currently operational in Alberta with designation in place until November 30, 2016. Alberta Health and Innovation and Advanced Education will evaluate the impact of implementation of this new model and determine if further streamlining (e.g. a single entity) would be beneficial to increasing competitiveness in health research.



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**1.9 Develop an Assurance Framework to provide Albertans with assurance of the quality of care and client safety provided in healthcare facilities.**

The 2014-17 Alberta Health/Alberta Health Services Performance Agreement was developed and signed by the Minister and Alberta Health Services in the second quarter. The agreement is grounded in the Outcomes and Measurement Framework. The Performance Agreement sets out initiatives, with performance measures, for the first year of the agreement as well as the following two years, with the amount of funding determined annually.

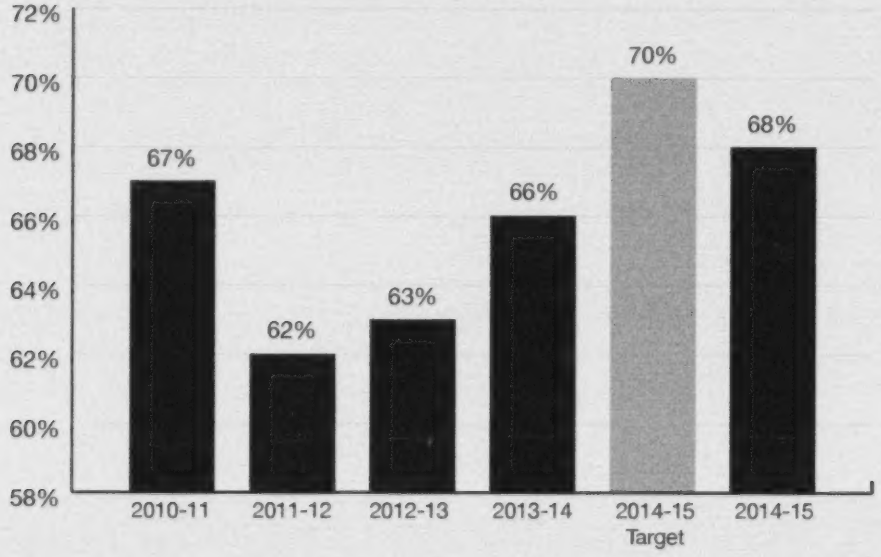
## Key Performance Measure and Results

**Measure 1. A Satisfaction with healthcare services received**

Ratings of satisfaction with healthcare services are obtained from Albertans who have accessed health services in Alberta within the past year. These services include those that may be provided by family physicians, specialist physicians, pharmacists, mental health therapists, or other healthcare professionals. Patient satisfaction with healthcare services received is a crucial and critical dimension of quality; it is an indicator of the structure, process and outcomes of care in Alberta's healthcare system.

The 2014-15 result for this measure (68%) is not statistically different from the 2013-14 result of 66%. The 2014-15 target of 70% for this measure is significantly higher than the previous year's target of 65%. Patient satisfaction may be affected by a number of factors such as recent news reports, current events, changes to local health system infrastructure, and perceptions of policy or system changes, in addition to personal experiences with the healthcare system.

**Satisfaction with Health Care Services Received**




**Source:** Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services: A Survey of Albertans* (2012, 2014, and 2015). Health Quality Council of Alberta. *Provincial Survey about Health and the Health System in Alberta* (2011, 2013).



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**GOAL 2: Albertans have improved health as a result of protecting and promoting wellness and supporting independence**

## Achievements

**Priority Initiative**

**2.1 In collaboration across government and with communities, lead the implementation of An Alberta Approach to Early Childhood Development to improve maternal, child and infant health, enhance supports for parents, enrich early learning and care and promote safe, supportive communities for children.**

Alberta Health supported $2.56 million in grant funding over three years. New programs are being delivered to street-involved pregnant women in Calgary and Red Deer, based on the success of Edmonton's Healthy Empowered Resilient (H.E.R.) Pregnancy Program. The new programs facilitate improved access and follow-up to health and social services for populations of women considered at-risk of poor birth outcomes.

The Grey Nuns Community Hospital and the Misericordia Community Hospital are working towards Baby Friendly Initiative (BFI) designation, with the support of $917,876 of three-year grant funding from Alberta Health.

With Alberta Health grant funding of $4.63 million over three years, Alberta Health Services started developing a universal Early Hearing Detection and Intervention program for Alberta newborns. The program is being phased in over three years so that by June 2017 all infants born in Alberta will receive universal newborn hearing screening and required follow-up services.

**2.2 Facilitate supportive environments for seniors and an aging population, in collaboration with other government and community partners.**

Responsibility for initiatives relating to seniors was transferred to the Ministry of Seniors in September 2014. Responsibility for Affordable Supportive Living Initiative was transferred to the Ministry of Seniors in September 2014. Please refer to 3.5.

**2.3 Continue to implement the renewed Tobacco Reduction Strategy.**

The Tobacco and Smoking Reduction Regulation was developed and approved. The legislation prohibits the furnishing (including selling and giving) of tobacco products to minors in public places, and bans smoking in vehicles with minors present. Starting June 1, 2015, the legislation will mandate minimum pack sizes for specific tobacco products to eliminate smaller, less expensive options; and ban flavoured tobacco products.

The Tobacco Reduction Youth Engagement Campaign was completed. The Campaign recruited seven schools and trained 365 students, of which 58 became actively engaged in the Campaign. In addition, about 340 related media stories were circulated through major media sources. An independent evaluation showed that youth were successfully engaged through various activities including school, community, and publicity events, and youth-led projects.



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**2.4 Implement secure Personal Health Record functionality for Albertans with expanded health information in Alberta's Personal Health Portal, at www.myhealth.alberta.ca.**

MyHealth.Alberta has been enhanced in preparation for the planned public launch in early 2016. The registration process for an Albertan to get a Personal Health Record has been simplified. Technology compatibility has been improved to provide a broader selection of mobile and monitoring devices. This will enable Albertans to access and update their Personal Health Records from mobile devices as well as upload data directly from devices such as blood pressure monitors and blood glucose meters. The arrangement with Service Alberta was finalized to leverage the provincial Digital Identity Service to provide authentication and identity verification services required for securing Albertans' Personal Health Records.

**2.5 Improve Infection Prevention and Control (IPC) by clarifying accountabilities and timelines in a revised IPC strategy.**

Implementation responsibilities of each partner (AH, AHS, and Regulatory Colleges) are outlined in the refreshed IPC strategy. A refreshed IPC strategy has been developed to reflect Alberta's current and future care environment.

**2.6 Improve and protect the health of Albertans through increasing immunization rates and decreasing the incidence of vaccine preventable diseases.**

Over 1.2 million Albertans received the influenza vaccine in 2014-15. This is 30% of the population, as compared to 27% in 2013-14. Pharmacists administered 486,709 doses of influenza vaccine and AHS Public Health administered 492,220 doses. Reports show that 64% of Alberta Health Services healthcare workers were immunized in the 2014-15 influenza season, as compared to 60% in 2013-2014. HPV Immunization: In September 2014, the HPV immunization school program, initially for girls, was expanded to include boys. The vaccine is available to Grade 5 boys, with a four-year catch-up program in Grade 9.

**2.7 Putting into motion a cross-ministerial approach when implementing the actions needed to create communities that support health and wellness, prevent disease and injury and promote health and wellness.**

**Wellness Policy**
Alberta's Strategic Approach to Wellness – A cross-ministry Assistant Deputy Minister committee and working group with over 15 different ministries has worked to create a Strategic Roadmap describing the wellness outcomes that can be achieved by government. A comprehensive policy tool has been developed to facilitate inter-sectoral collaboration in developing and reviewing policies that maximize benefits and limit harmful effects on Albertans' health and wellness.

**Community Wellness**
Alberta's Communities ChooseWell Initiative supports over 200 communities to promote wellness and address chronic disease risk factors of poor nutrition and physical inactivity through capacity-building, partnerships, innovative programming and resources. As part of the evaluation, the initiative showed that communities indicated that the program has positively influenced healthy eating and active living. 79% of Albertans felt that ChooseWell has a moderate or great impact on local actions. 70% of the communities served are rural or remote and the provision of programming to underserved populations is increasingly important.

**Workplace Wellness**
Alberta Health supported the 2014 Workplace Wellness Summit & Awards held on September 9, 2014, in Red Deer. The Premier's Awards for Healthy Workplaces were presented at the Summit which provided an opportunity to share best practices and learn about positive mental well-being in the workplace.



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**School Wellness**

Healthy School Communities Awards were presented at a reception during the Shaping the Future Conference held on January 29, 2015.

- Alberta School Community Wellness Fund – 35 new projects were funded in 2014-15 adding 100 more schools in 5 new school districts for a total reach of 56 school jurisdictions funded (out of a total of 61).
- From 2008-2014 student overweight and obesity rates have declined in schools receiving Wellness Funding and rates of physical activity are higher.
- In 2014 86% of principals reported implementing healthy eating and active living school policies compared to 24% in 2008.
- Data from 2014 indicates that improvements are also being made in positive school environments, including reductions in percentage of students who report being subjected to bullying.

**Injury Prevention**

The "Preventable" campaign — an injury awareness campaign launched in the fall of 2013, continued in 2014. The campaign continues to provide new, relevant information that is improving understanding and impact of preventable injuries. The purpose of the campaign is to increase Albertans' awareness of the prevalence, predictability, and preventability of injuries leading them to engage in practices to reduce injuries, disabilities and deaths.

The Community Injury Control Fund (CICF) administered through the Injury Prevention Centre (IPC) funded 35 community-led projects to undertake action-oriented solutions to intentional and unintentional injury problems in local communities. Eleven projects were awarded up to $15,000 each and 24 projects were awarded up to $4,000 each. These projects were implemented in 18 communities to address senior falls, skateboard and bike safety, suicide prevention, sports injury among children, family violence, and playground safety.

**Sexually Transmitted Infections and Blood Borne Pathogens Prevention**

The Alberta Community HIV Fund provided funding to 11 HIV/AIDS Service Organizations to undertake key prevention, harm reduction, care and support, and capacity-building activities.

The Society Housing AIDS Restricted Persons Foundation in Calgary was funded to develop and test an on-line interactive training program for front-line service providers working with individuals with complex needs. The training program is a way to promote and enhance prevention and management of sexually transmitted and blood borne infections.

The University of Alberta School of Public Health was funded for primary data collection for risk behaviours and service needs of marginalized people who use drugs in Edmonton's inner city. The project provides baseline information that will be valuable in planning further prevention and harm reduction initiatives with high-risk populations.

## Health Promotion and Disease Prevention

The proportion of Albertans aged 12 years and older who eat at least 5 to 10 servings of fruit and vegetables daily rose from 40.5% (2010) to 42.5% (2013).The proportion of Albertans 12 years and older who are moderately active or active rose from 53.6% (2010) to 57.4% (2013). The proportion of Alberta youth aged 12 to 19 years of age who are moderately active or active declined from 75.1% (2010) to 69.8% (2013).



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## Further Results

**Skin Cancer Prevention (Artificial Tanning)**

The *Skin Cancer Prevention (Artificial Tanning) Act* is a major step forward in the effort to reduce rates of skin cancer in our province. The bill for this Act was passed by the Legislature in March 2015. When the legislation is proclaimed in force, it will:

- Ban businesses from selling or providing artificial tanning services to minors;
- Prohibit advertising of artificial tanning directed to minors;
- Mandate health warnings in artificial tanning facilities and on advertising materials; and
- Prohibit unsupervised, self-serve artificial tanning equipment in public places.

## Key Performance Measures and Results

**Measure 2. A Influenza Immunization**

Influenza has a significant impact on the health of Albertans and tends to be most severe among older Albertans, residents of long-term care facilities, infants and young children, and those with certain chronic medical conditions. Alberta Health introduced a universal influenza immunization program in the fall of 2009 making influenza immunization available to all Albertans six months of age and older.

Provincial targets are aligned with national targets and do not change from year to year. It is expected that immunization rates will increase each year based on innovations implemented. Overall, there was a 3% increase in the percentage of Albertans immunized compared to last season (27% to 30%) and the number of individuals immunized increased from 1,281,608 compared to 1,155,994 last season. Several innovations implemented this season may be attributed to this increase, including the use of pharmacy wholesalers distributing publicly funded influenza vaccine to pharmacies, improvements in weekly reporting, and improved communications to the public and health professionals.

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | Target 2013-14 |
|---|---|---|---|---|---|---|
| Influenza immunization: Percentage of Albertans who have received the recommended seasonal immunization: | | | | | | |
| ▪ Seniors aged 65 and over | 59% | 61% | 60% | 64% | 61% | **75%** |
| ▪ Children aged 6 to 23 months | 25% | 29% | 30% | 34% | 34% | **75%** |
| ▪ Residents of long-term care facilities | 90% | 91% | 89% | 88% | 90% | **95%** |

**Source:** Numerator data (count of those immunized by age category): Alberta Health Services Zones, First Nations and Inuit Health, Health Canada, Alberta Region. Denominator data: Alberta's Interactive Health Data Application. Residents of Long Term Care in the facilities on December 12, 2014.

**Note:** Data are collected during the influenza season, when the vaccine is administered, which is typically from October 1 to March 31 each year. However, there may be immunization events which fall outside this range depending on how long the influenza virus circulates in Alberta, which are not included in the immunization rate data.



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### Measure 2.B Sexually Transmitted Infections

Sexually transmitted infections can result in significant health, social, emotional and economic costs, many of which will occur over the long-term. According to the Public Health Agency of Canada 2011 *Report on Sexually Transmitted Infections in Canada*, rates of reported cases of STI have continued to increase despite numerous public health interventions to prevent, diagnose and treat infection. Some potential factors attributing to this rise include: more sensitive laboratory tests used to detect chlamydia and gonorrhea have increased the number of the infections diagnosed; more effective screening and contact tracing methods may also improve case finding; and changes in sexual practices may increase the number of people contracting STIs, as evidenced by the syphilis outbreaks seen across Canada.

The *Alberta Sexually Transmitted Infections (STI) and Blood Borne Pathogens (BBP) Strategy and Action Plan 2011-2016* focuses on reducing rates of STI and BBP among Albertans. The strategy also aims to minimize the health, social and economic consequences of these diseases. As part of the strategy, Alberta Health Services operates a comprehensive awareness website, an off-shoot from the success of the 2013 SexGerms campaign. It is a key component in informing young Albertans about STI risk factors, clinical services and health sexual behaviour.

| | 2010 | 2011 | 2012 | 2013 | 2014 | Target 2013-14 |
|---|---|---|---|---|---|---|
| Sexually transmitted infections: Rate of newly reported infections (per 100,000 population): | | | | | | |
| ▪ Chlamydia | 356.1 | 371.2 | 393.6 | 399.6 | 403.3 | **305.0** |
| ▪ Gonorrhea | 32.5 | 39.6 | 52.7 | 49.2 | 46.3 | **25.0** |
| ▪ Infectious Syphilis | 4.7 | 2.4 | 3.2 | 2.9 | 3.7 | **3.5** |
| ▪ Congenital Syphilis: Rate per 100,000 live births (live and still born) | 11.9[R] | 3.9[R] | 0 | 0 | 0 | **0** |

**Source:** Alberta Health. Communicable Disease Reporting System – Sexually Transmitted Infection.

R – Revised Historical Results

**Note:** The 2014 results are preliminary and accurate as of December 31, 2014

### Measure 2.C Childhood Immunization Rates

Providing immunizations for childhood diseases is a major activity of the public health system. Immunizations protect children and adults from a number of vaccine-preventable diseases, some of which can be fatal or produce permanent disabilities. A high rate of coverage is needed to protect the entire community from outbreaks of these vaccine preventable diseases. Immunization also provides the parents of young children with the opportunity to obtain other needed health information and advice during the clinic visits.

Provincial targets are aligned with national targets and do not change from year to year. It is expected that immunization rates will increase each year based on innovations implemented.

Both childhood rates have increased based on the work done by AHS to rationalize workload in each of the zones, reducing clinic wait times and working on better collection and reporting of immunization data at the local geographical level. In addition, the measles outbreak and extra clinics offered to update measles immunization contributed to increasing the MMR immunization rate.



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| | 2010 | 2011 | 2012 | 2013 | 2014 | Target 2013-14 |
|---|---|---|---|---|---|---|
| Diphtheria, tetanus, pertussis, polio, Hib: | 73% | 74% | 73% | 74% | 76% | **97%** |
| Measles, mumps, rubella | 86% | 86% | 84% | 85% | 88% | **98%** |

**Source:** Numerator: Immunization/Adverse Reactions to Immunization (Imm/ARI) system. Aggregate data is obtained from First Nations sources for aboriginal children living on reserve.

Denominator: Alberta Health Population Estimates, based on mid-year (June 30) registration population estimates.

**Measure 2.D Healthy Alberta Risk Trend Index (HARTI)**

This performance measure is an indicator of progress achieved toward improving healthy behaviours and reducing risks for development of disease and disabilities among Albertans aged 20 to 64 years. The HARTI is calculated using six self-reported measures from the Statistics Canada Canadian Community Health Survey (CCHS): Life Stress, Body Mass Index (BMI), Fruit and Vegetable Consumption, Physical Activity, Smoking Status, and Binge Drinking.

With any of these complex health risk behaviours, a range of factors drives shifts in the trends; including other social and economic conditions, and targeted policy and program initiatives that are of sufficient reach, scope, and dose to have an effective impact on whole populations. In areas such as tobacco reduction, significant focus and resources have been invested over time and produced results. Alberta Health Services (AHS) implemented the "Keep Trying Campaign" in 2013. The tobacco cessation campaign targeted single women aged 25 to 44 years of age.

As part of the Alberta Alcohol Strategy, a province-wide media campaign targeting binge drinkers occurred in 2014. AHS released an alcohol resource guide to frontline staff with ongoing training, addressing issues such as binge drinking and Canada's low risk drinking guidelines. AHS has also continued consultation with 25 community coalitions to support local efforts to reduce alcohol-related harm including binge drinking.

In terms of program support and investment for physical activity, Alberta has enjoyed consistent support between 2003-2013 for initiatives such as Healthy U, Communities ChooseWell, Be Fit For Life Centres, Ever Active Schools, Alberta Centre for Active Living, etc. These initiatives (as well as those by community partners and municipalities) may help to offset rates of physical inactivity that are associated with an increase in screen time and sedentary behaviours.

The consumption of fresh fruit and vegetables is impacted to a significant extent by income and food security issues. A highly mobile adult population is also contributing to more consumption of convenience foods and less uptake of healthy meals. Much work has been done to-date on the development of Alberta nutrition guidelines for children and adults.



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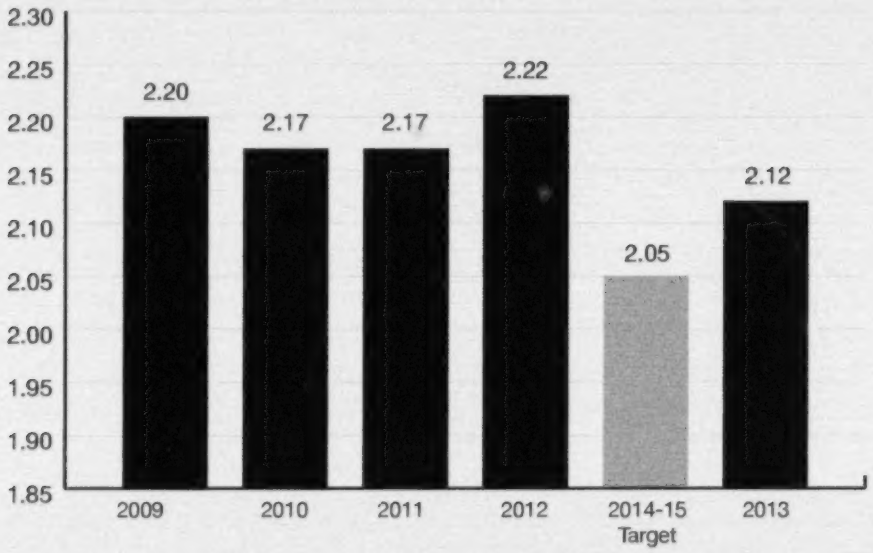
**Healthy Alberta Risk Trend Index (HARTI)**




**Source:** Statistics Canada. Canadian Community Health Survey (CCHS): Alberta Share File (The CCHS Share File is not publicly issued).
**Note:** Result for 2014 is not available for reporting in the 2014-2015 Annual Report.

**GOAL 3: Albertans have enhanced access to high quality, appropriate and cost-effective healthcare and support services**

## Achievements

**Priority Initiative**

**3.1 Develop a Primary Health Care Strategy and Action Plan.**

**Primary Health Care (PHC) Strategy Implementation**
The government is committed to providing the support needed to improve evolving primary care delivery that responds to the health care needs of Albertans. Alberta's *Primary Health Care Strategy*, released in May 2014, sets the direction for Primary Health Care transformation and reinforces the vision for Albertans to be as healthy as they can be.

The Strategy was developed through a collaborative process involving expertise in primary healthcare delivery, administration, research, education, and community development. The Strategy establishes strategic directions and goals for the long-term transformation of primary healthcare in Alberta. An Action Plan for 2015-20 is currently under development.

**3.2 Develop and implement family care clinics.**

The ministry is committed to providing the support needed to improve evolving primary care delivery that responds to the healthcare needs in Alberta.

**3.3 Develop and implement strategies and policies to address the psychosocial needs of flood impacted Albertans, and develop a long-term framework to address psychosocial needs of Albertans in future disasters.**

Alberta Health commissioned an evaluation of psychosocial flood response. Psychosocial flood recovery activities were perceived to generally meet the needs of the impacted population.



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**3.4 Expand continuing care opportunities including community-based hospice/palliative care.**

**Continuing Care Centres**
Two demonstration Continuing Care Centres opened in Alberta in February 2014. Whenever possible these sites enable Albertans to remain in one location when their health and personal needs change, in turn minimizing the need to move to a new physical setting. Albertans in a Continuing Care Centre are able to continue to live as a couple and with or nearby extended families/friends, whenever requested and appropriate.

**3.5 Partner with providers and communities to develop additional continuing care services.**

**Affordable Supportive Living Initiative (ASLI)**
Responsibility for ASLI was transferred to Alberta's Ministry of Seniors in September 2014.

**Accommodation Charges**
Predictable accommodation charge adjustments were introduced.

**Dementia Care Services**
Through a grant to the Alzheimer Society of Alberta and Northwest Territories an online learning environment for people with dementia and their caregivers, called the ASANT Café was launched in April 2014. The website allows family members, care partners, friends and individuals affected by Alzheimer's disease and other dementias a place to connect, share, discuss and learn.

**3.6 Refresh government-sponsored drug and health benefits programs to improve health and social outcomes.**

**Consolidation**
In 2014, Alberta Health assumed budget and administrative responsibility for the health benefits programs previously managed by Alberta Human Services. This supports consistency of policies and rules between disparate programs.

**Pharmacy Agreement**
An agreement between the Alberta Pharmacists' Association, Alberta Blue Cross and the Alberta government was implemented. This agreement included four years of predictable funding, changes to dispensing fees and an updated pharmacy services framework that compensates pharmacists for the services they provide to Albertans, including customized medication assessments and tobacco cessation counselling.

**Generic Pricing**
Alberta, through the Pan-Canadian Pharmaceutical Alliance, negotiated four generic drugs to be reduced in price by 18%. The reduction is estimated to have saved the Government of Alberta drug plans $6.5 million in 2014.

**Alberta Aids to Daily Living**
Effective July 1, 2014, a new service delivery model for Bi-Level Positive Airway Pressure therapy was implemented. The model combines the provision of equipment and services through Alberta Aids to Daily Living improving efficiencies and follow-up care.



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**3.7 Develop a new strategy for continuing care which will include improving the quality and safety of continuing care services.**

**Continuing Care Strategy and Action Plan**
An updated strategy for the province is being developed through consultation with expert stakeholders. The strategy will set out a direction for the continuing care system and focuses on supporting individuals who require services to remain in their community as they age.

**3.8 Develop an Acute Care Strategy to shift Alberta's acute and ambulatory care facilities and programs to be more patient-centred and better support Albertans' care needs, improve health outcomes and sustainability.**

Acute Care program and policy areas participated in the Results-Based Budgeting process. The Acute Care Strategy was deferred.

**3.9 Continue to implement priority initiatives identified in the *Alberta's Addiction and Mental Health Strategy***

The Alberta Mental Health Strategy (AMHS) has been advanced through ongoing inter-ministerial stakeholder engagement and through ongoing collaboration with Alberta Health Services (AHS).

**Build Healthy and Resilient Communities**
Resources for AHS and post-secondary campuses were developed and disseminated to reduce the harms associated with alcohol. Over the past year, Alberta Health, Alberta Health Services and the Alberta Gaming and Liquor Commission have been working on an evaluation framework for the Alberta Alcohol Strategy to assess and determine levels of progress.

**Foster the development of healthy children, youth and families**
There are 37 Mental Health Capacity Building (MHCB) projects underway and they have grown to include 193 schools in 70 communities throughout Alberta. Funding has been provided to AHS and CASA Child, Adolescent and Family Mental Health to support a range of addiction and mental health programs and services across the province including community geographic teams, crisis teams, residential treatment options, and assessment and intervention services.

**Enhance community-based services, capacity and supports**
The "Youth Community Support Program" is a new initiative developed with cross-ministry partners to provide services for youth with complex mental health diagnoses and their caregivers. A trans-disciplinary approach will provide services to a number of youth in the Calgary and Edmonton areas.



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## Further Results

**Lloydminster Health Project**

Governments of Alberta and Saskatchewan signed a Memorandum of Understanding (MOU) that enhances the collaboration between the two provinces on the delivery of health services to the community. The MOU ensures joint planning and priority setting between the provinces, through an established standing bi-provincial committee.

Alberta Health committed $550,000 for the Primary Health Care Innovation Site in Lloydminster. The Primary Health Care Innovation Site will help improve access to after-hours services such as mental health and addictions, chronic disease management, lab services and pharmacy services.

## Key Performance Measures and Results

**Measure 3. A Access to primary care through Primary Care Networks**

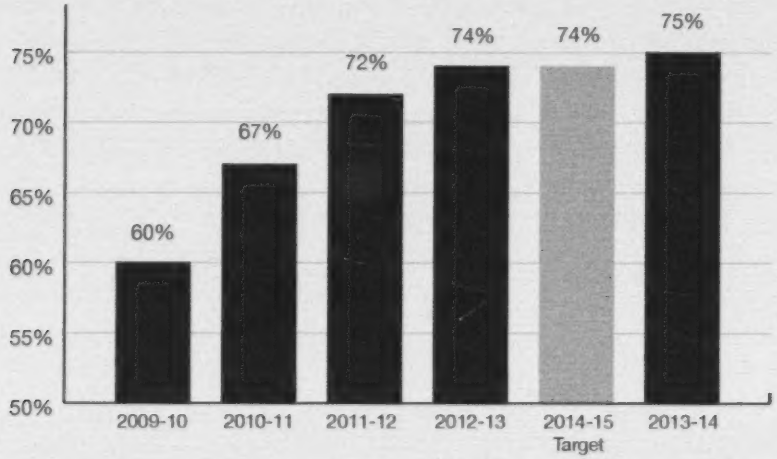
PCNs are a province-wide, comprehensive services delivery model aimed at improving access to and better coordinating primary healthcare for Albertans. In the 2013-14 fiscal year, 3,289 primary care physicians (family physicians, general practitioners, pediatricians and nurse practitioners) were registered with PCNs in Alberta, with 3,170,243 Albertans receiving primary healthcare services through PCNs.

The increase in the percentage of Albertans enrolled in a Primary Care Network from 2012-13 to 2013-14 is directly related to the increase in the number of physicians and healthcare providers registered with existing PCNs. Another factor that affects the percentage of Albertans enrolled with a PCN is the increase in the total number of Albertans covered by the Alberta Health Care Insurance Plan in the 2013-14 fiscal year.

In 2013-14, 294 additional providers registered with existing PCNs. An additional 176,961 Albertans enrolled in existing PCNs. The total Alberta population covered by the Alberta Health Care Insurance Plan also grew by 160,063, an increase of 3.93% from the 2012-13 fiscal year.

The 2013-14 result for this measure of 75% is an increase of 1% from the previous year. This value exceeds the target of 74% outlined in the 2014-17 Alberta Health Business Plan.

**Access to Primary Care Through Primary Care Networks**




**Source:** Government of Alberta. Alberta Health. Alberta Health Care Insurance Plan Statistical Supplement, 2013-2014. Numerator: Number of patients enrolled in Primary Care Networks, as reported in Table 2.21 Primary Care Networks: Distribution by Health Region (AHS Zone), Number of Primary Care Physicians, Number of Patients, and Total Payments for the Service Year April 1 (year) to March 31 (year).

Denominator: Population covered under the Alberta Health Care Insurance Plan as reported in Table 1.2 Number of Registrations and Population Covered, as at March 31 (year).

**Note:** Result for 2014-15 is not available for reporting in the 2014-2015 Annual Report.



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**Measure 3. B Access to continuing care**

This performance measure monitors access to continuing care living options in Alberta, as indicated by the wait times experienced by individuals admitted within the reporting period. This measure includes all clients placed, from acute, sub-acute, or community settings.

The 2014-15 result could be attributed to the rescinding of the First Available Appropriate Living Option policy in June 2013. More individuals are deciding to wait for their bed of choice in acute care rather than make an initial move to the first available and appropriate living option, thus increasing their time in acute care.

In addition, there has been less new continuing care capacity developed in the last year and a half than was expected. According to AHS, between April 1, 2010, and March 31, 2015, 4,250 continuing care spaces were opened, including long-term care and supportive living. This amount fell short of the 1,000 continuing care spaces per year target set for the same time period. Measures are being taken to add continuing care capacity and improve access to continuing care options. AHS estimates that the 5,000 spaces target could be reached before the end of December 2015. There was a net increase of 881 continuing care spaces and 34 restorative spaces in sub-acute between April 1, 2014, and March 31, 2015.

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | Target 2014-15 |
|---|---|---|---|---|---|---|
| Access to continuing care: Percentage of clients placed in continuing care within 30 days of being assessed | -- | 64% | 67% | 69% | 60% | 73% |

**Source:** Data are extracted from 7 Meditech rings for the South, Central and North Zones and from 2 Strata health Pathways applications by the Calgary and Edmonton Zones.



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## Changes to Performance Measures Information

**New or Changed Performance Measures in the 2014-2015 Annual Report:**

- None



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## Performance Measures – Data Sources and Methodology

### Data Sources

**Performance Measure**

1.a. Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services: A Survey of Albertans* (2012). Health Quality Council of Alberta. *Provincial Survey about Health and the Health System in Alberta* (2011 and 2013). Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services in Alberta* (2014 and 2015).

2.a. Numerator data (count of those immunized by age category): Alberta Health Services Zones, First Nations and Inuit Health, Health Canada, Alberta Region. Denominator data: Alberta's Interactive Health Data Application. Residents of Long Term Care in the facilities on December 12, 2014.

Note: Data are collected during the influenza season, when the vaccine is administered, which is typically from October 1 to March 31 each year. However, there may be immunization events which fall outside this range depending on how long the influenza virus circulates in Alberta, which are not included in the immunization rate data.

2.b. Alberta Health. CDRS-STI (Communicable Disease Reporting System – Sexually Transmitted Infection). Note: The 2014 results are preliminary and accurate as of December 31, 2014.

2.c. Numerator: Immunization/Adverse Reactions to Immunization (Imm/ARI) system. Aggregate data is obtained from First Nations sources for aboriginal children living on reserve.

Denominator: Alberta Health Population Estimates, based on mid-year (June 30) registration population estimates.

2.d. Statistics Canada. Canadian Community Health Survey (CCHS): Alberta Share File (The CCHS Share File is not publicly issued).

Note: Result for 2014 is not available for reporting in the 2014-15 Annual Report.

3.a. Government of Alberta. Alberta Health. Alberta Health Care Insurance Plan Statistical Supplement, 2013-2014. Numerator: Number of patients enrolled in Primary Care Networks, as reported in Table 2.21 Primary Care Networks: Distribution by Continuum Health Zone, Number of Primary Care Physicians, Number of Patients, and Total Payments for the Service Year April 1 (year) to March 31 (year). Denominator: Population covered under the Alberta Health Care Insurance Plan as reported in Table 1.2 Number of Registrations and Population Covered as at March 31 (year).

Note: Result for 2014-2015 is not available for reporting in the 2014-15 Annual Report.

3.b. Data are extracted from 7 Meditech rings for the South, Central and North Zones and from 2 Strata health Pathways applications by the Calgary and Edmonton Zones.

### Performance Indicator

2.a. Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services: A Survey of Albertans* (2012). Health Quality Council of Alberta. *Provincial Survey about Health and the Health System in Alberta* (2011 and 2013). Health Quality Council of Alberta. *Satisfaction and Experience with Health Care Services in Alberta* (2014 and 2015).



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2.b. Alberta Health. Alberta Health Care Insurance Plan (AHCIP); Quarterly Population Registry Files; Alberta Health Postal Code Translation File (PCTF). Service Alberta, Alberta Vital Statistics Death File.

3.a. Alberta Ambulatory Care Reporting System format (AACRS) is used up to March 31, 2010. From April 1, 2010 forward, National Ambulatory Care Reporting System (NACRS) is used. Discharge Abstract Database (DAD).

## Methodology

**Performance Measure**

**1.a Satisfaction with healthcare services received: Percentage of Albertans satisfied or very satisfied with healthcare services personally received in Alberta within the past year**

The calculation of results for this measure is based on the percentage of respondents to the *HQCA* 2015 *Satisfaction and Experience with Health Care Services in Alberta* who responded "satisfied" or "very satisfied" to the question:

"Thinking about all of your personal experiences within the past year with the healthcare services in Alberta that we just reviewed, to what degree are you satisfied or dissatisfied with the services you have received? Please use a scale of 1 to 5 where '1' means 'very dissatisfied' and '5' means 'very satisfied'."

*HQCA 2015 Satisfaction and Experience with Health Care Services in Alberta* is a population survey conducted by the Health Quality Council of Alberta for the purpose of obtaining Albertans' views and perceptions on the quality, safety and performance of the publicly funded healthcare system.

From February 3, 2015 to March 14, 2015, data were collected through a telephone survey of 1,471 Albertans residing in randomly selected Alberta households. The overall response rate for the survey was calculated at 34.5%. The estimated margin of error for the provincial sample of 1,471 is 2.6 percent based on the 95% confidence interval.

A total of 1,361 (weighted total) respondents answered the question on satisfaction with healthcare services personally received in Alberta within the past year. Results are reliable within ±2.5 percent, 19 times out of 20.

**2.a Influenza immunization: Percentage of Albertans who have received the recommended seasonal influenza immunization**

**(1) Seniors aged 65 and over**

**(2) Children aged 6 to 23 months**

**(3) Residents of long-term care facilities**

**Influenza Immunization: Seniors aged 65 and over**

This is a measure of the percentage of adults aged 65 years and over who have received the annual influenza immunization.

**Influenza Immunization: Children aged 6 to 23 months**

This is a measure of the percentage of children aged six to 23 months who have received the recommended doses of the influenza vaccine.



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**Influenza Immunization: Residents of long-term care facilities**

The percentage of residents of long-term care facilities (include all residents in long-term care facilities in Alberta) who received one dose of the influenza vaccine.

Numerator data (count of those immunized by age category):
Alberta Health Services Zones
First Nations and Inuit Health, Health Canada, Alberta Region.

Denominator data:
Alberta's Interactive Health Data Application.
Residents of Long-Term Care in the facilities on December 12, 2014.

Calculation of Result:
Seniors aged 65 and over:
Immunization rate= (number of seniors aged 65 years and over who received one dose of the influenza vaccine)/(mid-year population estimate of age category)* 100

Children aged 6 to 23 months:
Immunization rate=(number of children aged six to 23 months who received dose 2 of 2 or an annual dose of the influenza vaccine)/(mid-year population estimate of age category)* 100

Residents of long-term care facilities:
Immunization rate= the number of residents in the facilities on December 12, 2014 who received the vaccine on December 12, 2014.

Notes for Interpretation:
Data are collected during the influenza season, when the influenza vaccine is administered, which is typically October 1 to March 31 each year. However, there may be immunization events that fall outside this range depending on how long the influenza virus circulates in Alberta, which are not included in the immunization rate data.

First Nations people living on-reserve are included.

Immunization data is manually collected in each zone by AHS. Data is representative of all doses administered up until March 31, 2015. Data is aggregated by each zone and sent centrally for inclusion into the provincial AHS report. Data includes all immunizations delivered by AHS, community providers (including but not limited to physician offices, pharmacists, occupational health service providers, long-term care, acute care, student health services at post-secondary institutions and First Nations Inuit Health Branch).

Children aged 6 to 23 months:
Children who require two doses of the influenza vaccine will only be included if they have received two doses during the current season up to and including March 31, 2015.

Children six to 23 months of age who have received two doses in the past season will be included if they receive an annual (single) dose during the current season.

Residents of long-term facilities:
It is necessary to define the immunization rate for Residents of Long-term care facilities in this way due to the high turnover in this population. Otherwise the result would be an immunization rate over 100%.

Time Period of Results Reported is October 1, 2014 to March 31, 2015.



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## 2.b Sexually transmitted infections: Rate of newly reported infections (per 100,000 population)

- **Chlamydia**
- **Gonorrhea**
- **Infectious Syphilis**
- **Congenital Syphilis :Rate per 100,000 births (live and stillborn)**

Results for this measure are based on data from Alberta Health CDRS-STI (Communicable Disease Reporting System — Sexually Transmitted Infection) database, which provides the number of newly reported cases of sexually transmitted infection, by type of infection, in a given calendar year, and the Alberta Health's Business Intelligence Environment, which provides the mid-year population in a given calendar year.

**Calculation of Sexually Transmitted Infection Rates:**

Sexually transmitted infection rate = (Number of newly reported cases in given calendar year/ Mid-year population of given calendar year) * 100,000

**Calculation of Congenital Syphilis Rate:**

Congenital syphilis rate = (Number of newly reported cases in a given calendar year/Number of births (live and stillborn) in a given calendar year) * 100,000

The 2014 results are preliminary and accurate as of December 31, 2014. In previous years, the case data was not available as a significant time period is required to confirm the diagnosis for possible cases. Once a case is confirmed, it is reported to Alberta Health; annual data must then be updated to reflect the new information.

## 2.c Childhood immunization rates (by age 2):

- **Diphtheria, tetanus, pertussis, polio, Hib**
- **Measles, mumps, rubella**

This is a measure of the number of children by two years of age who have received the required immunization divided by the mid-year population of two year-olds.

The numerator data (count of children immunized with required effective count) are submitted electronically into the provincial immunization registry [Immunization/Adverse Reactions to Immunization (Imm/ARI)] at Alberta Health from feeder systems at Alberta Health Services (AHS). These counts are pulled from the Imm/ARI system. Aggregate data is obtained from First Nations sources for aboriginal children living on reserve. The denominator data is retrieved from the Alberta Health Population Estimates which is based on mid-year (June 30) registration population estimates.

## 2.d Healthy Alberta Risk Trend Index (HARTI): Average number of health risk factors per person aged 20 to 64 years

The Canadian Community Health Survey (CCHS) is a cross-sectional survey that collects information related to health status, healthcare utilization and health determinants for the Canadian population. The CCHS includes a wide range of questions about the health and health behaviours of residents in each province; since 2007, it is conducted annually. The CCHS covers the population 12 years of age and over living in the ten provinces and the three territories. Excluded from the survey's coverage are: persons living on reserves and other Aboriginal settlements in the provinces; full-time members of the Canadian Forces; and the institutionalized population.



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Statistics Canada provides a Provincial Share file to each Ministry of Health. This file contains detailed survey responses for those participants agreeing to disclosure to the ministry. In Alberta, the share file represents between 92% and 95% of participants in each cycle of the master file.

In 2013, the sample size for the HARTI was 3,337 and the coefficient of variation (the standard error as a percentage of the reported result) was 1.7%.

The calculation of the HARTI involves each of the 6 indicators listed below being dichotomized as 0 or 1 (0 for not having the behaviour or 1 for having the behaviour) and totaling them from a risk factor perspective; meaning a 6 would be most unhealthy and 0 would be most healthy.

1. Life Stress – Respondents self-reporting life stress as extremely or quite a bit stressful.
2. BMI Category – Respondents self-reporting as "overweight" or "obese" (BMI of 25 or higher).
3. Fruit and Vegetable Consumption – Respondents self-reporting having eaten 5 or more servings of fruit and vegetables per day.
4. Physical Activity – Respondents who are moderately active or active.
5. Smoking Status – Respondents who are current daily smokers.
6. Binge Drinking frequency – Respondents reporting having five or more drinks (for male) or four or more drinks (for female) two or more times per month.

Taking into account that Fruit and Vegetable Consumption and Physical Activity are measuring healthy activities, the HARTI sums the risk factor values and is calculated as:
HARTI = Overweight + (1 – Fruit Veg) + Daily Smoker + Binge Drinker + Life Stress + (1 – Physical Activity)

In 2013, the question related to the frequency of binge drinking changed. The question now asks: How often in the past 12 months have you had (4 or more – for females)/ (5 or more – for males) drinks on one occasion? Previously the question asked both males and females about 5 or more drinks. This change prospectively affects the HARTI through the changes in binge drinking estimates. The 2013 results are therefore not directly comparable to the results of previous years.

### 3.a Access to primary care through Primary Care Networks: Percentage of Albertans enrolled in a Primary Care Network

This measure is defined as the percentage of Albertans informally enrolled in a Primary Care Network as at March 31 of a given year.

The result for this measure is based on the total number of patients enrolled in a Primary Care Network (PCN) as a proportion of the total population covered under the Alberta Health Care Insurance Plan (AHCIP) in a given fiscal year.

Calculation of Results:
The percentage of Albertans enrolled in PCNs is calculated by dividing the total number of Albertans informally enrolled in Primary Care Networks in a given fiscal year (April 1 to March 31) by the total population covered by the Alberta Health Care Insurance Plan as at March 31 of the same fiscal year, and then multiplying the resulting quotient by 100 to obtain the percentage.



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Numerator: The numerator is the total number of patients enrolled in Primary Care Networks in a given year (April 1 to March 31), as reported in Table 2.21 Primary Care Networks: Continuum Health Zone, Number of Primary Care Physicians, Number of Patients, and Total Payments for the Service Year April 1 (year) to March 31 (year), Alberta Health Care Insurance Plan Statistical Supplement.

The methodology used to determine the total number of patients enrolled in a Primary Care Network, as reported in Table 2.21 of the AHCIP Statistical Supplement, is as follows:

Patients are considered to be enrolled in a PCN when they are assigned to a physician/ nurse practitioner/ pediatrician registered to a PCN. There are four steps used to assign a patient to a physician:

Step 1: Patients who have seen one physician/ nurse practitioner/ pediatrician only are assigned to that physician/ nurse practitioner.

Step 2: Patients who have seen more than one physician, but one physician is predominant, are then assigned to that physician.

Step 3: Patients who have seen multiple physicians the same number of times are assigned to the physician who did the physical examination last.

Step 4: Patients who have seen multiple physicians the same number of times, and had no physical examination done, are assigned to the physician who saw the patient last.

These 4 steps are part of the four-cut methodology.

The number of patients linked to a PCN is calculated by the payments issued to the program, which is associated with the providers within the PCN. The payments to the PCN are identified by the payments the providers receive through the Claims Assessment System (CLASS). CLASS is an application that collects and processes claims transactions for physicians of multiple disciplines and provides information of compensation for physician services.

Denominator: The denominator is the total population registered with a Personal Health Number (PHN) and covered under the Alberta Health Care Insurance Plan as at March 31 of a given year. This number is reported in Table 1.2 of the Alberta Health Care Insurance Plan Statistical Supplement.

Percentage Calculation: The percentage of Albertans enrolled in a Primary Care Network = (Total number of Albertans informally enrolled in a Primary Care Network in a given year) ÷ (Total population covered by the Alberta Health Care Insurance Plan as at March 31, in the same year) X 100.

### 3.b Access to continuing care: Percentage of clients placed in continuing care within 30 days of being assessed

Percent of clients admitted to a Continuing Care Living Option (Supportive or Facility Living) within 30 days of the Assessed and Approved date.

Continuing Care Living Option refers to the level of care in a publicly funded resident accommodation that provides health and support services appropriate to meet the client's assessed unmet needs (i.e., Designated Supportive Living Level 3 or 4 or Long-Term Care).

Assessed and Approved date refers to the date the client is placed on the waitlist for a Continuing Care Living Option following the completion of the assessment and approval process.



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**Calculation of Results:**

The number of individuals admitted to a Continuing Care Living Option within 30 days of their Assessed and Approved Date divided by the total number of individuals admitted to a Continuing Care Living Option (Supportive or Facility Living) during the reporting period (expressed as a percentage).

## Performance Indicator

### 2.a Patient safety: Percentage of Albertans reporting unexpected harm to self or an immediate family member while receiving healthcare in Alberta within the past year

Patient safety is defined as the reduction and mitigation of unsafe acts within the healthcare system rather than from the patient's underlying illness, as well as through the use of best practices shown to improve patient safety outcomes.

Calculation of results for this measure is based on the percentage of respondents to the *HQCA 2015 Satisfaction and Experience with Health Care Services in Alberta* who responded "yes" to the question:

"To the best of your knowledge, have you, or has a member of your immediate family experienced UNEXPECTED HARM while receiving healthcare in Alberta WITHIN THE PAST YEAR?"

The *HQCA 2015 Satisfaction and Experience with Health Care Services in Alberta* is a population survey conducted by the HQCA for the purpose of obtaining Albertans' views and perceptions on the quality, safety and performance of the publicly funded healthcare system.

From February 3, 2015 to March 14, 2015, data were collected through a telephone survey of 1,471 Albertans residing in randomly selected Alberta households. The overall response rate for the survey was calculated at 34.5%. The estimated margin of error for the provincial sample of 1,471 is 2.6 percent based on the 95% confidence interval.

A total of 1,313 respondents answered the question on experiencing unexpected harm while receiving healthcare in Alberta within the past year. Results are reliable within ±1.8 per cent, 19 times out of 20, for this question.

### 2.b Life Expectancy at Birth

Life expectancy can be interpreted as the average number of years a hypothetical age cohort would live if they were subjected to the current mortality conditions throughout the rest of their lives.

Life expectancy is calculated using the commonly-used "period" life table methodology. A detailed description of the methodology used to convert age-sex specific death rates into life expectancy at birth can be found in Appendix 3 of the Alberta Health report Chronic Disease Projections Methodology, 2008. http://www.health.alberta.ca/documents/Chronic-Disease-Method-2008.pdf

### 2.c Emergency department length of stay: Percentage of patients treated and admitted to hospital within eight hours (all sites)

The Emergency Department (ED) length of stay (LOS) for admitted patients is the earliest reported time between either the triage or registration time after arrival in emergency to the time the patient enters the hospital as an inpatient (discharged from ED). This metric does not apply to Urgent Care facilities as these facilities do not have inpatient spaces. For data sources



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submitted via abstracting (not operational source systems) the time the patient leaves the emergency department is determined through investigation of the inpatient visit record. This applies only to records prior to March 31st, 2010 and is done by linking the Inpatient Discharge Abstract Data (DAD) and the Alberta Ambulatory Care Reporting System (ACCRS) records.

Calculation:
Length of Stay will be captured in minutes between a Start Time and End Time where the Start Time is the earliest of either the ED Triage Time or the ED Visit (Registration) Time and the End Time is the valid discharge date and time.
The percentage of patients treated and admitted to hospital within eight hours (all sites) = (The number of valid records with a length of stay of less than 8 hours (480 minutes)) ÷ (The total number of valid records) X 100.



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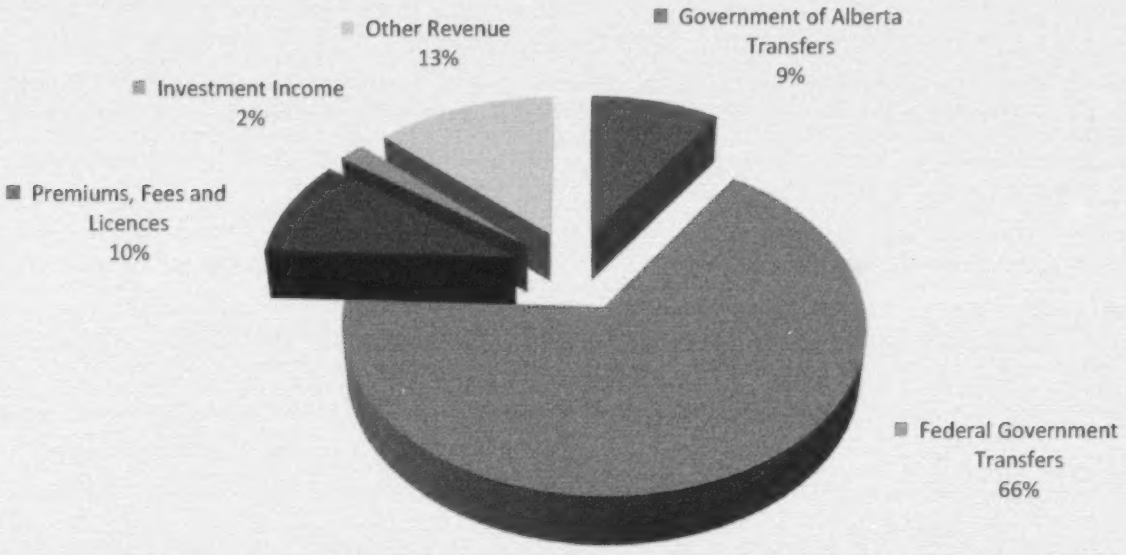
## FINANCIAL HIGHLIGHTS

The consolidated Ministry Financial Statements include:

- Department of Health
- Alberta Health Services
- Health Quality Council of Alberta
- Alberta Innovates - Health Solutions

### *Consolidated Revenues* *(in thousands)*




| | 2015 Constructed Budget | 2015 Actual | 2014 Actual |
|---|---|---|---|
| Government of Alberta Transfers | $ 479,386 | $ 505,636 | $ 464,235 |
| Federal Government Transfers | 3,744,281 | 3,609,982 | 2,651,203 |
| Premiums, Fees and Licences | 500,001 | 520,143 | 509,878 |
| Investment Income | 52,466 | 99,702 | 58,596 |
| Other Revenue | 501,580 | 706,010 | 632,475 |
| **Total Revenues** | **$ 5,277,714** | **$ 5,441,473** | **$ 4,316,387** |

Revenues were higher than the constructed budget by $164 million and increased by $1.1 billion over prior year. The increase is due to an increase in Canada Health Transfer due to changes in transfer formula, higher volume discount reimbursement from pharmaceutical drug product listings, increase in third party claims and motor vehicle aggregate assessment, and higher donations and non-government grants to AHS. Further contributing to the increase is increase in investment income due to strong growth in the Canadian and US equity markets which resulted in higher dividends, interest income, and realized gains.



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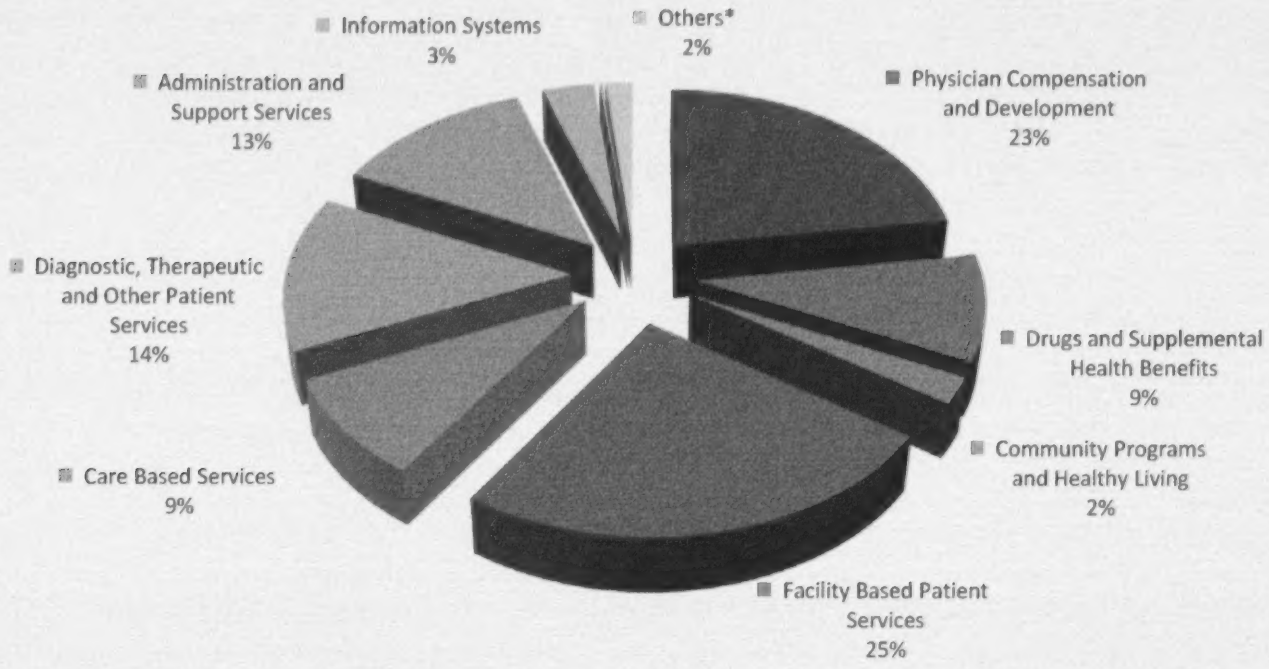
## Consolidated Expenses

*(in thousands)*




* includes 2013 Alberta Flooding

| | 2015 | | 2014 |
|---|---|---|---|
| | Constructed Budget | Actual | Actual |
| Physician Compensation and Development | $ 4,420,068 | $ 4,456,410 | $ 4,161,471 |
| Drugs and Supplemental Health Benefits | 1,672,837 | 1,864,088 | 1,776,921 |
| Community Programs and Healthy Living | 498,700 | 457,945 | 419,431 |
| Facility Based Patient Services | 4,632,000 | 4,848,240 | 4,605,673 |
| Care Based Services | 1,825,893 | 1,757,389 | 1,662,946 |
| Diagnostic, Therapeutic and Other Patient Services | 2,729,942 | 2,724,193 | 2,579,946 |
| Administration and Support Services | 2,506,486 | 2,518,268 | 2,417,369 |
| Information Systems | 616,625 | 647,066 | 606,847 |
| 2013 Alberta Flooding | 23,711 | 32,796 | - |
| Others | 413,514 | 332,560 | 336,381 |
| **Total Expenses** | **$ 19,339,776** | **$ 19,638,955** | **$ 18,566,985** |

Expenses were higher than the constructed budget by $299 million and increased by $1.1 billion compared to prior year. These increases are due to higher physician compensation and increase in service volume, higher demand for existing drugs and newly approved drugs, and an increased uptake in the compensation offered under the Plan for Pharmacy Services. Further contributing to the increases is increase in compensation costs related to collective agreements and increased activity throughout Alberta Health Services including increased patient days in facilities, emergency department visits, and surgical activity.



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# Financial Information

## Ministry of Health

### Consolidated Financial Statements

March 31, 2015

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# Ministry of Health

## Consolidated Financial Statements

## Year Ended March 31, 2015



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# Consolidated Financial Statements
# March 31, 2015

Auditor's Report

Consolidated Statement of Operations

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Schedule 2 - Consolidated Expenses-Directly Incurred Detailed by Object

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Schedule 5 - Consolidated Allocated Costs

Schedule 6 - Consolidated Portfolio Investments

Schedule 7 – Entities included in the Consolidated Financial Statements



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AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Members of the Legislative Assembly

**Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of the Ministry of Health, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Health as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta



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# Consolidated Statement of Operations

Year Ended March 31, 2015

(in thousands)

| | 2015 | | 2014 |
|---|---|---|---|
| | Constructed Budget (Schedule 3) | Actual | Actual (Restated - Note 3) |
| Revenues (Schedule 1) | | | |
| Government Transfers | | | |
| Government of Alberta Transfers | $ 479,386 | $ 505,636 | $ 464,235 |
| Federal Government Transfers | 3,744,281 | 3,609,982 | 2,651,203 |
| Premiums, Fees and Licences | 500,001 | 520,143 | 509,878 |
| Investment Income | 52,466 | 99,702 | 58,596 |
| Other Revenue | 501,580 | 706,010 | 632,475 |
| | 5,277,714 | 5,441,473 | 4,316,387 |
| Expenses - Directly Incurred (Note 2b(ii) and Schedules 2 & 5) | | | |
| Physician Compensation and Development | 4,420,068 | 4,456,410 | 4,161,471 |
| Drugs and Supplemental Health Benefits | 1,672,837 | 1,864,088 | 1,776,921 |
| Community Programs and Healthy Living | 498,700 | 457,945 | 419,431 |
| Facility Based Patient Services | 4,632,000 | 4,848,240 | 4,605,673 |
| Care Based Services | 1,825,893 | 1,757,389 | 1,662,946 |
| Diagnostic,Therapeutic & Other Patient Services | 2,729,942 | 2,724,193 | 2,579,946 |
| Administration and Support Services | 2,506,486 | 2,518,268 | 2,417,369 |
| Information Systems | 616,625 | 647,066 | 606,847 |
| 2013 Alberta Flooding (Note 15) | 23,711 | 32,796 | - |
| Others | 413,514 | 332,560 | 336,381 |
| | 19,339,776 | 19,638,955 | 18,566,985 |
| Net Operating Results | $ (14,062,062) | $ (14,197,482) | $ (14,250,598) |

The accompanying notes and schedules are part of these consolidated financial statements.



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# Consolidated Statement of Financial Position

As at March 31, 2015
(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents (Note 4) | $ 647,713 | $ 758,017 |
| Accounts Receivable (Note 5) | 371,682 | 343,622 |
| Inventories | 120,895 | 117,537 |
| Prepaid Expenses | 126,649 | 106,538 |
| Portfolio Investments (Schedule 6) | 1,839,004 | 1,659,386 |
| Tangible Capital Assets (Note 6) | 7,592,752 | 7,583,259 |
| | $ 10,698,695 | $ 10,568,359 |
| **LIABILITIES** | | |
| Accounts Payable and Accrued Liabilities (Note 7) | $ 2,432,497 | $ 2,437,636 |
| Deferred Revenue (Note 8) | 6,387,912 | 6,267,683 |
| Notes, Debentures and Mortgages (Note 9) | 339,397 | 350,368 |
| | 9,159,806 | 9,055,687 |
| **NET ASSETS** | | |
| Net Assets as adjusted at Beginning of Year (Note 3) | 1,512,672 | 1,463,277 |
| Net Operating Results | (14,197,482) | (14,250,598) |
| Net Financing provided from General Revenues | 14,223,699 | 14,299,993 |
| Net Assets at End of Year (Note 12) | 1,538,889 | 1,512,672 |
| | $ 10,698,695 | $ 10,568,359 |

Contractual Obligations and Contingent Liabilities (Notes 10 and 11)

The accompanying notes and schedules are part of these consolidated financial statements.



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# Consolidated Statement of Cash Flows

Year Ended March 31, 2015

(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| **Operating Transactions** | | |
| Net Operating Results | $ (14,197,482) | $ (14,250,598) |
| Non-cash items: | | |
| Amortization of Tangible Capital Assets and Consumption of Inventories (Schedule 2) | 1,447,943 | 1,308,660 |
| Expended Restricted Capital Contributions recognized as Revenue (Note 8) | (340,763) | (299,536) |
| Write-down of Tangible Capital Assets / Inventories | 2,440 | 7,502 |
| Valuation Adjustments and write-downs | 70,480 | 61,344 |
| Realized Gain on Investments | (29,794) | (14,956) |
| | (13,047,176) | (13,187,584) |
| (Increase) in Accounts Receivable | (58,534) | (26,409) |
| (Increase) in Prepaid Expenses | (20,111) | (20,324) |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (45,145) | 157,086 |
| (Decrease) in Restricted Contributions | (33,499) | (19,195) |
| Cash (applied to) Operating Transactions | (13,204,465) | (13,096,426) |
| **Capital Transactions** | | |
| Acquisition of Tangible Capital Assets (Note 6) | (251,099) | (303,774) |
| Purchase of Inventories | (799,429) | (733,262) |
| Cash (applied to) Capital Transactions | (1,050,528) | (1,037,036) |
| **Investing Transactions** | | |
| Purchase of Portfolio Investments | (3,134,674) | (3,851,627) |
| Proceeds on Disposal of Portfolio Investments | 2,984,850 | 3,587,038 |
| Cash (applied to) provided by Investing Transactions | (149,824) | (264,589) |
| **Financing Transactions** | | |
| Net Financing provided from General Revenues | 14,223,699 | 14,299,993 |
| Restricted Capital Contribution received | 95,596 | 147,601 |
| Restricted Capital Contribution returned | (13,811) | (5,187) |
| Principal payments of Notes, Debentures and Mortgages | (16,743) | (18,618) |
| Proceeds from Notes, Debentures and Mortgages | 5,772 | - |
| Cash provided by Financing Transactions | 14,294,513 | 14,423,789 |
| (Decrease) Increase in Cash and Cash Equivalents | (110,304) | 25,738 |
| Cash and Cash Equivalents at Beginning of Year | 758,017 | 732,279 |
| Cash and Cash Equivalents at End of Year | $ 647,713 | $ 758,017 |

The accompanying notes and schedules are part of these consolidated financial statements.



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# Notes to the Consolidated Financial Statements

March 31, 2015

## Note 1 Authority and Purpose

The Minister of Health (Minister) has been designated as responsible for various Acts by the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000 and its regulations. Following are the organizations that comprise the Ministry of Health (Ministry) and the authority under which each organization operates.

| | |
|---|---|
| Department of Health | *Government Organization Act* |
| Alberta Health Services | *Regional Health Authorities Act* |
| Health Quality Council of Alberta | *Health Quality Council of Alberta Act* |
| Alberta Innovates– Health Solutions | *Alberta Research and Innovation Act* |

The Ministry sets policy and direction to improve health outcomes for all Albertans, support the well-being and independence of Albertans, and achieve a high quality, appropriate, accountable and sustainable health system. Key outcomes are focused on improving the health status of Albertans over time.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

### (a) Reporting Entity and method of consolidation

The reporting entity is the Ministry of Health, for which the Minister of Health is accountable. The accounts of the Department are fully consolidated with the entities listed in Schedule 7 on a line-by-line basis.

Revenue and expense transactions, capital, investing and financing transactions, and related asset and liability balances between the consolidated entities have been eliminated. Accounting policies have been adjusted to conform with those of the Ministry.

The threshold for eliminating inter-entity transactions among SUCH (Schools, Universities, Colleges and Hospitals) sector entities and between SUCH sector entities and other government controlled entities is $1,000,000 for particular transaction types and balances. Transactions involving school boards are subject to a $100,000 threshold for particular transaction types and balances.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(a) Reporting Entity and method of consolidation (continued)**

Alberta Health Services (AHS) has entered into various partnerships with entities outside the reporting entity. AHS uses the proportionate consolidation method to account for its interest in the HUTV Limited partnership with David Chittick Management Limited, interest in the Northern Clinical Trials Centre partnership with University of Alberta, and interest in the Primary Care Networks partnership with the physician groups.

**(b) Basis of Financial Reporting**

**(i) Revenues**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided or used for purposes specified by year end is recorded as deferred revenue.

Investment income earned from restricted sources is deferred and recognized when the stipulations imposed have been met. Gains and losses on investments are not recognized in the Consolidated Statement of Operations until realized.

Government Transfers

Transfers from other Government of Alberta departments and federal government are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Ministry's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Ministry complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Donations and Non-Government Grants

Donations and non-government grants are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government grants may be unrestricted or externally restricted for operating or capital purposes. Unrestricted donations and non-government grants are recorded as revenue in the year received or receivable. Externally restricted donations, non-government grants, and realized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with the Ministry's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the Ministry complies with its communicated use.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(b) Basis of Financial Reporting (continued)**

Grants and Donations for Land

The Ministry recognizes transfers and donations for the purchase of land as a liability when received, and as revenue when the Ministry purchases the land. The Ministry recognizes in-kind contributions of land as revenue at the fair value of the land. When the Ministry cannot determine the fair value, it records such in-kind contributions at a nominal value.

**(ii) Expenses**

Directly Incurred

Directly incurred expenses are those costs for which the Ministry has primary responsibility and accountability for.

In addition to program operating expenses such as grants, salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- consumption of inventories.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation and sick pay.

Grants are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are not recognized and are disclosed in Schedule 4 and 5.

**(iii) Assets**

Cash and cash equivalents comprise of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(b) Basis of Financial Reporting (continued)**

**(iii) Assets (continued)**

Assets held for sale that are expected to be sold within one year are considered financial assets. They are valued at the lower of cost or expected net realizable value. Cost includes amounts for improvements to prepare the assets for sale.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. The costs of tangible capital assets built on behalf of AHS by the Ministry of Infrastructure are recorded as costs are incurred and work-in-progress reported by the Ministry of Infrastructure. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Amortization is only charged if the tangible capital asset is in use.

Inventories for consumption or distribution at no charge are valued at the lower of cost (defined as moving average cost) and current replacement cost.

Portfolio investments are recorded at cost. Gains and losses on investments are recognized when an investment is sold or when there is a permanent impairment in the value of an investment.

**(iv) Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Where the Ministry has received restricted contributions which have not been fully used in the period, this gives rise to deferred revenue.

**(v) Foundations**

Various foundations have been established under the *Regional Health Authorities Act* (Alberta) for the purpose of raising funds for the benefit of Alberta. Depending on how the foundations are established, AHS either controls the foundations or has an economic interest in them. Foundations that are controlled by AHS are consolidated in its consolidated financial statements.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(b) Basis of Financial Reporting (continued)**

**(vi) Net Assets**

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the Consolidated Statement of Financial Position in the summary consolidated financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these consolidated financial statements do not report a net debt indicator.

Endowments

Donations and government transfers that must be maintained in perpetuity are recognized as direct increases in endowment net assets when received or receivable. Realized gains and losses attributable to portfolio investments that also must be maintained in perpetuity are also recognized as direct increase in endowment net assets when received or receivable.

**(vii) Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(b) Basis of Financial Reporting (continued)**

**(viii) Measurement Uncertainty**

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Measurement uncertainty that is material to these financial statements exists in the accrual of Canada Health Transfer.

Effective 2014/15, Canada Health Transfers is determined on an equal per capita cash basis whereas the previous transfers were determined on an equal per capita basis, and included both cash and tax point transfers. Measurement uncertainty for the Canada Health Transfer relates to the tax transfer component as there are a couple of open prior years which have not been assessed that contain the tax transfer component. As the value of income tax points (personal and corporate) transferred historically is finalized, it is used to adjust the entitlements of open prior years. Accordingly, these amounts are estimated and could change by a material amount.

**(c) Change in Accounting Policy**

**PS 3260 Liability for Contaminated Sites**

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Ministry adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. The Ministry is required to recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. For the fiscal year ended March 31, 2015, the Ministry has not identified any liability for contaminated sites.

**(d) Future Accounting Changes**

- In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

  • PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

  • PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(d) Future Accounting Changes (continued)**

- In June 2011 the Public Sector Accounting Board issued PS 3450 – Financial Instruments and in January 2014 the Public Sector Accounting Board extended the effective date to April 1, 2016 from April 1, 2015.

  The Ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

**Note 3 Reporting Changes**
(in thousands)

Effective April 1, 2014, the responsibilities for the administration of Alberta Aids to Daily Living and Extended Health Benefits were transferred from the Ministry of Human Services (Order in Council 079/2014). Responsibility for funding the public affairs officer positions was transferred from the Ministry of Executive Council.

As a result of restructuring of government ministries announced on September 15, 2014, the Ministry of Seniors was established and certain programs and services were transferred to the Ministry of Seniors (Order in Council 373/2014 & 472/2014).

Comparatives for 2014 have been restated as if the Ministry had always been assigned with its current responsibilities.

Net assets on March 31, 2013 are made up as follows:

| | | |
|---|---|---|
| Net assets as previously reported | $ | 1,384,630 |
| Transfer from the Ministry of Human Services | | (15,588) |
| Transfer from the Ministry of Executive Council | | (30) |
| Transfer to the Ministry of Seniors | | 94,265 |
| Net assets at March 31, 2013 | $ | 1,463,277 |



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## Note 4 Cash and Cash Equivalents

Cash and cash equivalents is comprised of Canadian dollar operating accounts, term deposits, money market securities and deposits in Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta.

The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2015, securities held by the Fund have a time-weighted return of 1.2% per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Money market securities are comprised of Government of Canada treasury bills maturing June 2015 and bearing interest at an average yield of 0.71% at March 31, 2015 (March 31, 2014 – 0.97%).

## Note 5 Accounts Receivable

(in thousands)

| | 2015 | | | 2014 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | (Restated - Note 3) Net Realizable Value |
| Accounts Receivable | $ 401,223 | $ (29,541) | $ 371,682 | $ 343,622 |

Accounts receivable are unsecured and non-interest bearing.



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## Note 6 Tangible Capital Assets
(in thousands)

| | 2015 | | | | | | | 2014 |
|---|---|---|---|---|---|---|---|---|
| | Land | Buildings [1] | Land Improvements | Equipment | Computer Hardware and Software | Leasehold Assets | Total | (Restated - Note 3) Total |
| Estimated Useful Life | Indefinite | 10-40 years | 5-40 years | 2-20 years | 3-10 years | Term of Lease | | |
| Historical Cost [2] | | | | | | | | |
| Beginning of year | $ 110,068 | $ 9,145,165 | $ 67,718 | $ 2,112,138 | $ 1,572,021 | $ 190,639 | $ 13,197,749 | $ 12,761,796 |
| Additions [3] | - | 481,629 | 1,983 | 96,197 | 63,008 | 20,988 | 663,805 | 574,472 |
| Disposals, including write-downs | - | - | (554) | (36,393) | (29,828) | (808) | (67,583) | (138,519) |
| | 110,068 | 9,626,794 | 69,147 | 2,171,942 | 1,605,201 | 210,819 | 13,793,971 | 13,197,749 |
| Accumulated Amortization | | | | | | | | |
| Beginning of year | - | 2,985,076 | 55,555 | 1,438,523 | 1,000,876 | 134,460 | 5,614,490 | 5,163,784 |
| Amortization expense | - | 275,682 | 2,551 | 189,928 | 170,098 | 14,259 | 652,518 | 578,755 |
| Effect of disposals | - | - | (154) | (35,866) | (28,989) | (780) | (65,789) | (128,049) |
| | - | 3,260,758 | 57,952 | 1,592,585 | 1,141,985 | 147,939 | 6,201,219 | 5,614,490 |
| Net Book Value at March 31, 2015 | $ 110,068 | $ 6,366,036 | $ 11,195 | $ 579,357 | $ 463,216 | $ 62,880 | $ 7,592,752 | |
| Net Book Value at March 31, 2014 | $ 110,068 | $ 6,160,089 | $ 12,163 | $ 673,615 | $ 571,145 | $ 56,179 | | $ 7,583,259 |

(1) Buildings include parking lots.

(2) Historical cost includes work-in-progress at March 31, 2015 totaling $850,367 (2014 - $742,881).

(3) Additions include non-cash work-in-progress at March 31, 2015 totaling $412,706 (2014 - $270,698).

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## Note 7 Accounts Payable and Accrued Liabilities
(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Accounts Payable and Accrued Liabilities | $ 1,827,425 | $ 1,872,570 |
| Employee Future Benefits | 605,072 | 565,066 |
| | $ 2,432,497 | $ 2,437,636 |

## Note 8 Deferred Revenue
(in thousands)

| | 2015 | 2014 |
|---|---|---|
| Restricted Contributions [(i)] | $ 261,326 | $ 271,808 |
| Restricted Capital Contributions [(ii)] | 96,019 | 109,670 |
| Expended Restricted Capital Contributions [(iii)] | 6,030,567 | 5,886,205 |
| | $ 6,387,912 | $ 6,267,683 |

(i) Restricted Contributions represents unexpended resources with stipulations relating to operating expenditure or payments received prior to services being provided. Changes in balances in restricted contributions are as follows:

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Federal government | Government of Alberta | Other | Total | Total |
| Balance, beginning of year | $ 6,195 | $ 42,330 | $ 223,283 | $ 271,808 | $ 259,951 |
| Received/receivable during the year | 13,606 | 34,650 | 181,069 | 229,325 | 247,682 |
| Restricted realized investment income | 1 | 2,363 | 4,648 | 7,012 | 5,927 |
| Transferred from (to) restricted capital contributions | - | 24,809 | (1,792) | 23,017 | 31,052 |
| Recognized as revenue during the year | (4,717) | (77,016) | (188,103) | (269,836) | (272,804) |
| Balance, end of year | $ 15,085 | $ 27,136 | $ 219,105 | $ 261,326 | $ 271,808 |



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**Note 8 Deferred Revenue (continued)**
(in thousands)

(ii) Restricted capital contributions represent unspent resources with stipulations or external restrictions related to the purchase of tangible capital assets. Changes in balances in restricted capital contributions are as follows:

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Federal government | Government of Alberta | Other | Total | Total |
| Balance, beginning of year | $ - | $ 37,851 | $ 71,819 | $ 109,670 | $ 90,371 |
| Received/receivable during the year | - | 24,947 | 70,649 | 95,596 | 147,601 |
| Transferred tangible capital assets | - | 412,623 | 83 | 412,706 | 270,698 |
| Restricted capital contributions returned | - | - | (13,811) | (13,811) | (5,187) |
| Transferred (to) from restricted contributions | - | (24,809) | 1,792 | (23,017) | (31,052) |
| Transferred to expended restricted capital contributions | - | (442,241) | (42,884) | (485,125) | (361,537) |
| Used for the acquisition of land | - | - | - | - | (1,224) |
| Balance, end of year | $ - | $ 8,371 | $ 87,648 | $ 96,019 | $ 109,670 |

(iii) Expended restricted capital contributions represent resources which have been spent for acquisition of tangible capital assets stipulated to be used over their useful life. Revenue is recognized over the useful life of the assets. Changes in balances in expended restricted capital contributions are as follows:

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Federal government | Government of Alberta | Other | Total | Total |
| Balance, beginning of year | $ - | $ 5,678,020 | $ 208,185 | $ 5,886,205 | $ 5,822,980 |
| Transferred from restricted capital contributions | - | 442,241 | 42,884 | 485,125 | 361,537 |
| Used for the acquisition of land | - | - | - | - | 1,224 |
| Recognized as revenue during the year | - | (285,261) | (55,502) | (340,763) | (299,536) |
| Balance, end of year | $ - | $ 5,835,000 | $ 195,567 | $ 6,030,567 | $ 5,886,205 |



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## Note 9 Notes, Debentures and Mortgages
(in thousands)

| | 2015 | | | 2014 |
|---|---|---|---|---|
| | Maturity | Interest Rate | Book Value | Book Value |
| Debentures [a] | 2026 to 2035 | 3.61-4.93% | $ 321,835 | $ 331,366 |
| Capital Lease Obligations [b] | 2020 to 2035 | 5.23% | 17,562 | 19,002 |
| Total | | | $ 339,397 | $ 350,368 |

[a] The debentures have been issued by AHS to Alberta Capital Finance Authority.

[b] Capital Lease Obligations includes a site lease with the University of Calgary.

Principal repayment requirements in each of the next five years and thereafter are as follows:

| | Debentures | Capital Lease Obligation | Total |
|---|---|---|---|
| 2015-16 | $ 15,221 | $ 3,824 | $ 19,045 |
| 2016-17 | 15,942 | 2,475 | 18,417 |
| 2017-18 | 16,698 | 2,099 | 18,797 |
| 2018-19 | 17,490 | 1,842 | 19,332 |
| 2019-20 | 18,319 | 1,727 | 20,046 |
| Thereafter | 238,165 | 12,329 | 250,494 |
| Less: amount representing interest under leases | - | (6,734) | (6,734) |
| | $ 321,835 | $ 17,562 | $ 339,397 |

## Note 10 Contractual Obligations
(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met. As at March 31, 2015, the Ministry has the following contractual obligations:

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Specific Programs Commitments | $ 607,521 | $ 641,444 |
| Capital Contracts | 177,675 | 128,209 |
| Service Contracts and Operating Leases | 460,085 | 454,131 |
| | $ 1,245,281 | $ 1,223,784 |



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**Note 10 Contractual Obligations (continued)**
(in thousands)

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

| | Specific Programs Commitments | Capital Contracts | Service Contracts and Operating Leases | Total |
|---|---|---|---|---|
| 2016 | $ 447,509 | $ 111,562 | $ 110,226 | $ 669,297 |
| 2017 | 64,414 | 30,954 | 94,911 | 190,279 |
| 2018 | 47,895 | 1,988 | 85,499 | 135,382 |
| 2019 | 33,063 | 1,985 | 54,850 | 89,898 |
| 2020 | 7,476 | 1,985 | 47,453 | 56,914 |
| Thereafter | 7,164 | 29,201 | 67,146 | 103,511 |
| | $ 607,521 | $ 177,675 | $ 460,085 | $ 1,245,281 |

Canadian Blood Services

The Government of Alberta is committed to provide funding to the Canadian Blood Services (CBS) for the provision of blood services in Canada. This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

Alberta's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products. During the year, payments to CBS amounted to $160,500 (2014 - $146,000).

**Note 11 Contingent Liabilities and Equity Agreements**
(in dollars)

Hepatitis C

In June 1999, the Federal, provincial and territorial governments entered into an agreement to provide financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The agreement provided for a total federal, provincial and territorial contribution of $1.1 billion plus interest. Interest is calculated and accrued quarterly on the outstanding balance at a rate equal to the three month Government of Canada Treasury Bill rate for the quarter. In the fiscal year 1999/2000, the Ministry accrued $30 million; representing Alberta's estimated proportionate share of the financial assistance, excluding accrued interest. At March 31, 2015, the outstanding balance, including Alberta's proportionate share of the accrued interest, was $14.3 million (2014 - $15.3 million).



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**Note 11 Contingent Liabilities and Equity Agreements (continued)**
(in dollars)

Equity Agreements with Voluntary Hospital Owners

The Ministry has a contingent liability for buy-out of equity under Equity Agreements entered into between the Ministry and Voluntary Hospital Owners. The Ministry's payout liability is contingent upon notification by the voluntary hospital owner of termination of the equity agreement. At March 31, 2015, the contingent payout liability upon termination is estimated at $12.8 million (2014 - $12.8 million).

Other Contingent Liabilities

The Ministry has been named in 191 (2014: 215) claims of which the outcome is not determinable. Of these claims, 167 (2014: 181) have specified amounts totalling $312.8 million (2014: $377.1 million). The remaining 24 (2014: 34) claims have no amount specified. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

The Department has been named as a co-defendant, along with AHS, in a certified Class Action (the Claim) arising from increases to long-term accommodation charges, implemented by Alberta Government regulations enacted on and after August 1, 2003, and paid by residents of long-term care facilities. The amount of the Claim has not yet been specified.

Indemnity

As described in Note 10, CBS provides blood services in Alberta. CBS has established two wholly-owned captive insurance corporations, CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited (CBSE). CBSI provides insurance coverage up to $250 million with respect to risks associated with the operation of the blood system.

CBSE was capitalized in whole through funding from the provinces and territories (except Quebec), through a Captive Support Agreement dated September 28, 2006 ("CSA"), between the provinces, territories, and CBSE. Under the CSA, each of the provinces and territories provided their Pro Rata Share (as defined in the CSA) through an indemnity. Alberta's Pro Rata Share is 13.1% of CBSE's total capital amount, which amounts to $98.0 million. Authority for Alberta to provide the indemnity under the CSA is pursuant to section 5.05 of the Indemnity Authorization Regulation 22/1997, under the *Financial Administration Act*.

The expense recognition criterion for the indemnity is notification from CBS that the indemnity is required. At March 31, 2015, no amount has been recognized for this indemnity.



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**Note 12 Endowment Funds**
(in thousands)

Endowment funds are included in net assets and are represented by financial assets amounting to $72,381 (2014 - $68,796). Donors have placed restrictions on their contributions to the endowment funds. The principal restriction is that the original contribution should not be spent.

**Note 13 Trust Funds under Administration**
(in thousands)

Trust funds under administration are funds consisting of public money over which the Legislature has no power of appropriation. Because the Ministry has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements. As at March 31, 2015, trust funds under administration were as follows:

| | 2015 | 2014 |
|---|---|---|
| Research and development, education and others | $ 8,499 | $ 8,033 |

**Note 14 Benefit Plans**
(in thousands)

Except as noted below, the Ministry participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Executive Retirement Plans (SERPs) for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions.

AHS participates in the Local Authorities Pension Plan (LAPP), which is a multi-employer defined benefit plan. The pension expense for this plan is equivalent to the annual contributions. In addition, AHS also participates in defined contribution plans and Group Registered Retirement Savings Plans (GRRSPs) for certain employee groups.

Certain entities in the Ministry also provide defined supplementary executive retirement plans for certain management staff. At March 31, 2015, these plans have net accrued benefit liability of $2,041 (2014 – accrued benefit liability of $1,620). The accrued benefit liability is included in accounts payable and accrued liabilities.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 - $50,457), the Public Service Pension Plan reported a deficiency of $803,299 (2013 - $1,254,678), the Local Authorities Pension Plan reported a deficiency of $2,454,636 (2013 - $4,861,516) and the Supplementary Retirement Plan for Public Service Managers had a deficiency of $17,203 (2013 - $12,384).



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**Note 14 Benefit Plans (continued)**
(in thousands)

Ministry's pension expense for the year is as follows:

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Registered Benefit Plans | $ 561,766 | $ 511,950 |
| SERPs | 981 | (340) |
| Defined Contribution Plans and GRRSPs | 48,815 | 47,153 |
| | $ 611,562 | $ 558,763 |

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 - $75,200) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of $32,343 (2014 - $24,055). The expense for these two plans is limited to the employer's annual contributions for the year.

**Note 15 2013 Alberta Flooding**
(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiative, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

Also, the Province's flood recovery initiatives include non-disaster recovery programs. Costs associated with non-disaster recovery programs are recognized as they are incurred.

| | 2015 | 2014 |
|---|---|---|
| Expenses - 2013 Alberta Flooding | | |
| Non-Disaster Recovery Program | $ 32,796 | $ - |

**Note 16 Comparative Figures**

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

**Note 17 Approval of Financial Statements**

The consolidated financial statements were approved by the senior financial officer and the deputy minister.



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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 1**

**Consolidated Revenues**

(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Government of Alberta Transfers | | |
| Transfer from Alberta Cancer Prevention Legacy Fund | $ 25,000 | $ 25,000 |
| Transfer from Alberta Heritage Foundation for Medical Research Endowment Fund | 91,386 | 86,389 |
| Transfer from Other Government Departments | 389,250 | 352,846 |
| | 505,636 | 464,235 |
| Federal Government Transfers | | |
| Canada Health Transfer | 3,601,124 | 2,611,617 |
| Wait Times Reduction | - | 28,566 |
| Other Health Transfers | 8,858 | 11,020 |
| | 3,609,982 | 2,651,203 |
| Premiums, Fees and Licences | | |
| Supplementary Health Benefit Premiums | 47,753 | 50,184 |
| Fees and Charges | 472,388 | 459,692 |
| Other | 2 | 2 |
| | 520,143 | 509,878 |
| Investment Income | 99,702 | 58,596 |
| Other Revenue | | |
| Third Party Recoveries | 114,247 | 109,650 |
| Previous years' refunds of expenditure | 18,783 | 12,535 |
| Donations | 167,290 | 156,296 |
| Miscellaneous | 405,690 | 353,994 |
| | 706,010 | 632,475 |
| Total Revenues | $ 5,441,473 | $ 4,316,387 |



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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 2**

**Consolidated Expenses - Directly Incurred Detailed by Object**

(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Grants | $ 5,530,159 | $ 5,222,965 |
| Supplies and Services | 4,965,931 | 4,815,400 |
| Salaries, Wages and Employee Benefits | 7,645,863 | 7,164,324 |
| Amortization of Tangible Capital Assets | 652,518 | 578,755 |
| Consumption of Inventories | 795,425 | 729,905 |
| Financial Transactions and Other | 49,059 | 55,636 |
| | $ 19,638,955 | $ 18,566,985 |



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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 3**
**Budget Reconciliation**
(in thousands)

| | 2014-15 Government Estimates | | Budget of Entities Excluded from | Adjustments To Conform To Accounting | Consolidation | Constructed |
|---|---|---|---|---|---|---|
| | Operational [1] | Capital [1] | Fiscal Plan [2] | Policy [3] | Adjustments | Budget |
| **REVENUES** | | | | | | |
| Government of Alberta Transfers | | | | | | |
| Transfer from Alberta Cancer Prevention Legacy Fund | $ 25,000 | $ - | $ - | $ - | $ - | $ 25,000 |
| Transfer from Alberta Heritage Foundation for Medical Research Endowment Fund | 86,386 | - | - | - | - | 86,386 |
| Transfer from Alberta Health / Other Government Departments | - | - | 12,778,753 | - | (12,410,753) | 368,000 |
| | 111,386 | - | 12,778,753 | - | (12,410,753) | 479,386 |
| Federal Government Transfers | | | | | | |
| Canada Health Transfer | 3,731,414 | - | - | - | - | 3,731,414 |
| Other Health Transfers | 2,070 | - | 10,797 | - | - | 12,867 |
| | 3,733,484 | - | 10,797 | - | - | 3,744,281 |
| Premiums, Fees and Licenses | | | | | | |
| Supplementary Health Benefit Premiums | 53,000 | - | - | - | - | 53,000 |
| Fees and Charges | - | - | 447,000 | - | - | 447,000 |
| Other | 1 | - | - | - | - | 1 |
| | 53,001 | - | 447,000 | - | - | 500,001 |
| Investment Income | - | - | 52,466 | - | - | 52,466 |
| Other Revenue | | | | | | |
| Third Party Recoveries | 100,050 | - | - | - | - | 100,050 |
| Previous years' refunds of expenditure | 5,040 | - | - | - | - | 5,040 |
| Donations | - | - | 143,000 | - | - | 143,000 |
| Miscellaneous | 17,613 | - | 250,989 | (1,112) | (14,000) | 253,490 |
| | 122,703 | - | 393,989 | (1,112) | (14,000) | 501,580 |
| Total Revenues | $ 4,020,574 | $ - | $ 13,683,005 | $ (1,112) | $(12,424,753) | $ 5,277,714 |





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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 3 (continued)**
**Budget Reconciliation**
(in thousands)

| | 2014-15 Government Estimates | | Budget of Entities Excluded from | Adjustments To Conform To Accounting | Consolidation | Constructed |
|---|---|---|---|---|---|---|
| | Operational [1] | Capital [1] | Fiscal Plan [2] | Policy [3] | Adjustments | Budget |
| **EXPENSES** | | | | | | |
| Alberta Health Services | $ 11,124,204 | $ - | $ - | $ - | $(11,124,204) | $ - |
| Alberta Innovates - Health Solutions | 86,386 | - | - | - | (86,386) | - |
| Physician Compensation and Development | 3,959,679 | - | - | - | 460,389 | 4,420,068 |
| Drugs and Supplemental Health Benefits | 1,495,002 | - | - | - | 177,835 | 1,672,837 |
| Community Programs and Healthy Living | 197,588 | - | 372,000 | - | (70,888) | 498,700 |
| Facility Based Patient Services | - | - | 5,574,000 | - | (942,000) | 4,632,000 |
| Care Based Services | 365,291 | - | 1,666,000 | - | (205,398) | 1,825,893 |
| Diagnostic, Therapeutic and Other Patient Services | 250,420 | - | 2,755,000 | - | (275,478) | 2,729,942 |
| Administration and Support Services | 75,137 | - | 2,456,455 | - | (25,106) | 2,506,486 |
| Information Systems | 115,059 | - | 526,158 | - | (24,592) | 616,625 |
| 2013 Alberta Flooding | 25,000 | - | - | - | (1,289) | 23,711 |
| Others | 231,499 | 25,314 | 368,194 | (200) | (211,293) | 413,514 |
| Total Expenses | $ 17,925,265 | $ 25,314 | $ 13,717,807 | $ (200) | $(12,328,410) | $ 19,339,776 |
| Net Operating Results | $(13,904,691) | $ (25,314) | $ (34,802) | $ (912) | $ (96,343) | $(14,062,062) |

The purpose of the constructed budget is to show a comparison with the actual operating results under the same reporting basis on the consolidated statement of operations.

[1] Estimates have been restated as a result of restructuring of government departments announced on September 15, 2014 and transfer of certain programs and services to the Ministry of Seniors (Order in Council 373/2014 & 472/2014).

[2] Budgets of AHS, AIHS and HQCA are not included in the 2014-15 Government Estimates but have been approved by their respective board of directors.

[3] Adjustments include capital revenues and operating expenses included in capital spending in fiscal plan.



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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 4**

**Consolidated Related Party Transactions**

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's consolidated financial statements. Related parties also include key management personnel in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Revenues | | |
| Government of Alberta Transfers | | |
| - Transfer from funds | $ 116,386 | $ 111,389 |
| - Alberta Infrastructure | 312,045 | 284,119 |
| - Other Ministries | 77,354 | 52,771 |
| Other | 43,850 | 44,360 |
| | $ 549,635 | $ 492,639 |
| Expenses - Directly Incurred | | |
| Grants | $ 176,587 | $ 189,068 |
| Other | 160,847 | 135,430 |
| Interest | 15,359 | 15,972 |
| | $ 352,793 | $ 340,470 |
| Receivables | $ 27,305 | $ 63,836 |
| Payables/Deferred Revenue -Alberta Infrastructure | $ 5,856,511 | $ 5,726,678 |
| -Other Ministries | 29,985 | 64,854 |
| | $ 5,886,496 | $ 5,791,532 |
| Debt | $ 334,852 | $ 344,952 |
| Contractual Obligations | $ 242,870 | $ 275,620 |

The Ministry receives services under contracts managed by Service Alberta. Any commitments under these contracts are reported by Service Alberta.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 5.

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Expenses - Incurred by Others | | |
| Accommodation | $ 34,724 | $ 37,561 |
| Legal Services | 4,792 | 4,271 |
| Business Services | 9,132 | 9,431 |
| | $ 48,648 | $ 51,263 |



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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 5**

**Consolidated Allocated Costs**

(in thousands)

| Program | 2015 Expenses [1] | 2015 Expenses - Incurred by Others: Accommodation Costs [2] | 2015 Expenses - Incurred by Others: Legal Services [3] | 2015 Expenses - Incurred by Others: Business Services [4] | 2015 Total | 2014 (Restated - Note 3) Total |
|---|---|---|---|---|---|---|
| Physician Compensation and Development | $ 4,456,410 | $ 34,724 | $ 4,792 | $ 9,132 | $ 4,505,058 | $ 4,212,734 |
| Drugs and Supplemental Health Benefits | 1,864,088 | - | - | - | 1,864,088 | 1,776,921 |
| Community Programs and Healthy Living | 457,945 | - | - | - | 457,945 | 419,431 |
| Facility Based Patient Services | 4,848,240 | - | - | - | 4,848,240 | 4,605,673 |
| Care Based Services | 1,757,389 | - | - | - | 1,757,389 | 1,662,946 |
| Diagnostic,Therapeutic & Other Patient Services | 2,724,193 | - | - | - | 2,724,193 | 2,579,946 |
| Administration and Support Services | 2,518,268 | - | - | - | 2,518,268 | 2,417,369 |
| Information Systems | 647,066 | - | - | - | 647,066 | 606,847 |
| 2013 Alberta Flooding | 32,796 | - | - | - | 32,796 | - |
| Others | 332,560 | - | - | - | 332,560 | 336,381 |
| | $ 19,638,955 | $ 34,724 | $ 4,792 | $ 9,132 | $ 19,687,603 | $ 18,618,248 |

[1] Expenses - Directly Incurred as per Consolidated Statement of Operations.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 4.

[3] Costs shown for Legal Services on Schedule 4.

[4] Costs shown for Business Services include charges for IT support, vehicles, air transportion, internal audit services and other services the Ministry receives under contracts managed by Service Alberta shown on Schedule 4.

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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 6**
**Consolidated Portfolio Investments**
(in thousands)

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Interest bearing securities [a] | | | | |
| Deposits and short-term securities | $ 1,573 | $ 1,573 | $ 27,897 | $ 27,897 |
| Bonds and mortgages | 1,472,452 | 1,508,906 | 1,280,754 | 1,290,533 |
| | 1,474,025 | 1,510,479 | 1,308,651 | 1,318,430 |
| Equities: | | | | |
| Canadian public equities | 194,432 | 218,842 | 189,640 | 222,483 |
| Global developed public equities | 91,074 | 112,495 | 84,539 | 93,393 |
| Pooled investment funds | 75,239 | 107,757 | 72,289 | 88,877 |
| Others | 4,234 | 5,988 | 4,267 | 5,669 |
| | 364,979 | 445,082 | 350,735 | 410,422 |
| Total Portfolio Investments | $ 1,839,004 | $ 1,955,561 | $ 1,659,386 | $ 1,728,852 |

(a) Interest-bearing securities reported as at March 31, 2015 have an average effective yield of 1.61% (2014 – 2.20%) per annum.

| | 2015 | 2014 |
|---|---|---|
| 1 to 5 years | 72% | 78% |
| 6 to 10 years | 14% | 11% |
| Over 10 years | 14% | 11% |



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# Schedules to the Consolidated Financial Statements

Year Ended March 31, 2015

**Schedule 7**
**Entities Included in the Consolidated Financial Statements**

**Department of Health**

**Health Quality Council of Alberta**

**Alberta Innovates - Health Solutions**

Alberta Foundation for Health Research

**Alberta Health Services**

**Wholly Owned Subsidiaries**

Calgary Laboratory Services Ltd.
Capital Care Group Inc.
Carewest

**Provincial Health Authorities of Alberta Liability and Property Insurance Plan (LPIP)**

AHS consolidates its interest in the LPIP. AHS has the majority of representation on the LPIP's governance board and is therefore considered to control the LPIP.

**Controlled Foundations**

Airdrie Health Foundation
Alberta Cancer Foundation (ACF)
Bassano and District Health Foundation
Bow Island and District Health Foundation
Brooks and District Health Foundation
Calgary Health Trust (CHT)
Canmore and Area Health Care Foundation
Cardston and District Health Foundation
Claresholm and District Health Foundation
Crowsnest Pass Health Foundation
David Thompson Health Trust
Fort Macleod and District Health Foundation
Fort Saskatchewan Community Hospital Foundation
Grande Cache Hospital Foundation
Grimshaw/Berwyn Hospital Foundation
Jasper Health Care Foundation
Lacombe Hospital and Care Centre Foundation
Medicine Hat and District Health Foundation
Mental Health Foundation
North County Health Foundation
Oyen and District Health Care Foundation
Peace River and District Health Foundation
Ponoka and District Health Foundation
Stettler Health Services Foundation
Strathcona Community Hospital Foundation
Tofield and Area Health Services Foundation
Vermillion and Region Health and Wellness Foundation
Viking Health Foundation
Vulcan County Health and Wellness Foundation
Windy Slopes Health Foundation



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# Schedules to the Consolidated Financial Statements
Year Ended March 31, 2015

**Schedule 7 (continued)**
**Entities Included in the Consolidated Financial Statements**

**Alberta Health Services**

**Other**

Queen Elizabeth II Hospital Child Care Centre

**Partnerships**

AHS uses the proportionate consolidation method to account for its:

- 30% interest in the HUTV Limited Partnership with David Chittick Management Ltd
- 50% interest in the Northern Alberta Clinical Trials Centre partnership with the University of Alberta
- 50% interest in the Primary Care Network government partnerships with physician groups.

The following PCNs are included in these consolidated financial statements on a proportionate basis:

Alberta Heartland Primary Care Network
Aspen (Athabasca) Primary Care Network
Big Country Primary Care Network
Bonnyville Primary Care Network
Bow Valley Primary Care Network
Calgary Foothills Primary Care Network
Calgary Rural Primary Care Network
Calgary West Central Primary Care Network
Camrose Primary Care Network
Chinook Primary Care Network
Cold Lake Primary Care Network
Drayton Valley Primary Care Network
Edmonton North Primary Care Network
Edmonton Oliver Primary Care Network
Edmonton Southside Primary Care Network
Edmonton West Primary Care Network
Grande Cache Primary Care Network
Grande Prairie Primary Care Network
Highland Primary Care Network
Kalyna Country (Vegreville/Vermillion) Primary CareNetwork
Lakeland (St. Paul/Aspen) Primary Care Network
Leduc Beaumont Devon Primary Care Network
Lloydminster Primary Care Network
McLeod River Primary Care Network
Mosaic Primary Care Network
Northwest Primary Care Network
Palliser Primary Care Network
Peace Region Primary Care Network
Peaks to Prairies Primary Care Network
Provost/Consort Primary Care Network
Red Deer Primary Care Network
Rocky Mountain House Primary Care Network
Sexsmith/Spirit River Primary Care Network
Sherwood Park - Strathcona County Primary Care Network
South Calgary Primary Care Network
St. Albert & Sturgeon Primary Care Network
Wainwright Primary Care Network
West Peace Primary Care Network
WestView Primary Care Network
Wetaskiwin Primary Care Network
Wolf Creek Primary Care Network
Wood Buffalo Primary Care Network



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# Financial Information

## Department of Health

**Financial Statements**

March 31, 2015

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# Department of Health

## Financial Statements

## Year Ended March 31, 2015



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# Financial Statements
# March 31, 2015

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Revenues

Schedule 2 - Credit or Recovery

Schedule 3 - Expenses - Directly Incurred Detailed by Object

Schedule 4 - Budget Reconciliation

Schedule 5 - Lapse/Encumbrance

Schedule 6 - Lottery Fund Estimates

Schedule 7 - Salary and Benefits Disclosure

Schedule 8 - Related Party Transactions

Schedule 9 - Allocated Costs



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AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Minister of Health

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Department of Health, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Health as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 5, 2015

Edmonton, Alberta



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## STATEMENT OF OPERATIONS

Year Ended March 31, 2015

(in thousands)

| | 2015 | | 2014 |
|---|---|---|---|
| | Constructed Budget (Schedule 4) | Actual | Actual (Restated - Note 3) |
| Revenues (Schedule 1) | | | |
| Government Transfers | | | |
| Government of Alberta Transfers | $ 111,386 | $ 116,386 | $ 111,389 |
| Federal Government Transfers | 3,733,484 | 3,603,575 | 2,643,034 |
| Premiums, Fees and Licences | 53,001 | 47,755 | 50,186 |
| Other Revenue | 123,216 | 217,362 | 196,136 |
| | 4,021,087 | 3,985,078 | 3,000,745 |
| Expenses - Directly Incurred (Note 2b(ii) and Schedule 9) | | | |
| Programs (Schedules 3 and 5) | | | |
| Ministry Support Services | 75,137 | 74,031 | 77,128 |
| Primary Care Physician Remuneration | 1,340,644 | 1,386,753 | 1,291,194 |
| Specialist Physician Remuneration | 2,342,975 | 2,342,148 | 2,165,442 |
| Physician Development | 147,871 | 161,045 | 146,293 |
| Physician Benefits | 128,189 | 118,798 | 152,566 |
| Allied Health Services | 77,518 | 82,832 | 73,012 |
| Human Tissue and Blood Services | 172,902 | 161,916 | 148,204 |
| Drugs and Supplemental Health Benefits | 1,495,002 | 1,655,043 | 1,612,213 |
| Community Programs and Healthy Living | 197,588 | 169,965 | 145,612 |
| Support Programs | 202,030 | 195,308 | 197,292 |
| Alberta Health Services Base Operating Funding | 10,731,204 | 10,851,204 | 10,495,788 |
| Alberta Health Services | | | |
| Operating Costs of New Facilities | 393,000 | 360,634 | 304,730 |
| Primary Health Care/Addictions and Mental Health | 325,726 | 262,291 | 232,143 |
| Enhanced Home Care and Rehabilitation | 39,565 | 26,861 | 37,912 |
| Information Systems | 115,059 | 97,881 | 97,162 |
| Seniors Services | 4,269 | 3,832 | 3,933 |
| Alberta Innovates - Health Solutions | 86,386 | 91,386 | 86,389 |
| Cancer Research and Prevention Investment | 25,000 | 25,000 | 25,000 |
| 2013 Alberta Flooding (Note 12) | 25,000 | 16,368 | - |
| Infrastructure Support | 25,314 | 13,272 | 43,095 |
| | 17,950,379 | 18,096,568 | 17,335,108 |
| Net Operating Results | $ (13,929,292) | $ (14,111,490) | $ (14,334,363) |

The accompanying notes and schedules are part of these financial statements.



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## STATEMENT OF FINANCIAL POSITION

As at March 31, 2015
(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 309 | $ 1,362 |
| Accounts Receivable (Note 4) | 94,900 | 55,847 |
| Tangible Capital Assets (Note 5) | 79,681 | 79,671 |
| Inventories | 24,313 | 19,285 |
| | $ 199,203 | $ 156,165 |
| **LIABILITIES** | | |
| Accounts Payable and Accrued Liabilities (Note 6) | $ 631,048 | $ 704,010 |
| Deferred Revenue (Note 7) | 11,951 | 8,160 |
| | 642,999 | 712,170 |
| **NET LIABILITIES** | | |
| Net Liabilities as adjusted at Beginning of Year (Note 3) | (556,005) | (521,635) |
| Net Operating Results | (14,111,490) | (14,334,363) |
| Net Financing provided from General Revenues | 14,223,699 | 14,299,993 |
| Net Liabilities at End of Year | (443,796) | (556,005) |
| | $ 199,203 | $ 156,165 |

Contractual Obligations and Contingent Liabilities (Notes 8 and 9)

The accompanying notes and schedules are part of these financial statements.



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## STATEMENT OF CASH FLOWS

Year Ended March 31, 2015
(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Operating Transactions | | |
| Net Operating Results | $ (14,111,490) | $ (14,334,363) |
| Non-cash items included in Net Operating Results: | | |
| Amortization of Tangible Capital Assets and Consumption of Inventories | 75,476 | 62,505 |
| Deferred Capital Contributions recognized as Revenue (Note 7) | (513) | (27,832) |
| Valuation Adjustments and write-downs | 5,155 | 7,721 |
| | (14,031,372) | (14,291,969) |
| (Increase) Decrease in Accounts Receivable | (43,049) | 28,425 |
| (Decrease) Increase in Accounts Payable and Accrued Liabilities | (73,041) | 18,904 |
| Increase (Decrease) in Unearned Revenue | 4,304 | (875) |
| Cash (applied to) Operating Transactions | (14,143,158) | (14,245,515) |
| Capital Transactions | | |
| Acquisition of Tangible Capital Assets (Note 5) | (20,440) | (16,327) |
| Purchase of Inventories | (61,154) | (43,814) |
| Cash (applied to) Capital Transactions | (81,594) | (60,141) |
| Financing Transactions | | |
| Contributions Restricted for Capital (Note 7) | - | 6,707 |
| Net Financing Provided from General Revenues | 14,223,699 | 14,299,993 |
| Cash provided by Financing Transactions | 14,223,699 | 14,306,700 |
| (Decrease) Increase in Cash | (1,053) | 1,044 |
| Cash at Beginning of Year | 1,362 | 318 |
| Cash at End of Year | $ 309 | $ 1,362 |

The accompanying notes and schedules are part of these financial statements.



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# NOTES TO THE FINANCIAL STATEMENTS

## Note 1 Authority and Purpose

The Department of Health (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department sets policy and direction to improve health outcomes for all Albertans, support the well-being and independence of Albertans, and achieve a high quality, appropriate, accountable and sustainable health system. Key outcomes are focused on improving the health status of Albertans over time.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

### (a) Reporting Entity

The reporting entity is the Department of Health, which is part of the Ministry of Health and for which the Minister of Health is accountable.

Other entities reporting to the Minister are Alberta Health Services (AHS) and its controlled entities, the Health Quality Council of Alberta (HQCA), and the Alberta Innovates-Health Solutions (AIHS). The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All Departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of Departments are deposited into the Fund and all cash disbursements made by Departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(b) Basis of Financial Reporting**

**(i) Revenues**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government Transfers

Transfers from other Government of Alberta departments and federal governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer or the stipulations together with the department's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

Capital Contributions

Restricted capital contributions are recorded as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credit or recovery is shown in the details of the Government Estimates for a supply vote.

If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board Committee, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

**(ii) Expenses**

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(b) Basis of Financial Reporting (continued)**

In addition to program operating expenses such as grants, salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- consumption of inventories.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Grants are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

Incurred by Others

Services contributed by other entities in support of the Department's operations are not recognized and are disclosed in Schedule 8 and Schedule 9.

**(iii) Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Amortization is only charged if the tangible capital asset is in use.

Inventories consist of vaccines and sera for distribution at no cost. Inventories are valued at the lower of cost and replacement cost on a first-in, first-out basis.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(b) Basis of Financial Reporting (continued)**

**(iv) Liabilities**

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

**(v) Net Liabilities**

Net liabilities represent the difference between the carrying value of assets held by the Department and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

**(vi) Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

**(vii) Measurement Uncertainty**

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Measurement uncertainty that is material to these financial statements exists in the accrual of Canada Health Transfer.

Effective 2014/15, Canada Health Transfers is determined on an equal per capita cash basis whereas the previous transfers were determined on an equal per capita basis, and included both cash and tax point transfers. Measurement uncertainty for the Canada Health Transfer relates to the tax transfer component as there are a couple of open prior years which have not been assessed that contain the tax transfer component. As the value of income tax points (personal and corporate) transferred historically is finalized, it is used to adjust the entitlements of open prior years. Accordingly, these amounts are estimated and could change by a material amount.



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**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

**(c) Future Accounting Changes**

In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

• PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

• PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these new standards on the financial statements.

**Note 3 Reporting Changes**
(in thousands)

Effective April 1, 2014, the responsibilities for the administration of Alberta Aids to Daily Living and Extended Health Benefits were transferred from the Department of Human Services (Order in Council 079/2014). Responsibility for funding the public affairs officer positions was transferred from the Ministry of Executive Council.

As a result of restructuring of government departments announced on September 15, 2014, the Department of Seniors was established and certain programs and services were transferred to the Department of Seniors (Order in Council 373/2014 & 472/2014).

Comparatives for 2014 have been restated as if the Department had always been assigned with its current responsibilities.

Net Liabilities on March 31, 2013 are made up as follows:

| | |
|---|---|
| Net liabilities as previously reported | $ (600,282) |
| Transfer from the Department of Human Services | (15,588) |
| Transfer from the Ministry of Executive Council | (30) |
| Transfer to the Department of Seniors | 94,265 |
| Net liabilities at March 31, 2013 | $ (521,635) |



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**Note 4 Accounts Receivable**
(in thousands)

| | 2015 | | | 2014 (Restated - Note 3) |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Accounts Receivable | $ 95,761 | $ (861) | $ 94,900 | $ 55,847 |

Accounts receivable are unsecured and non-interest bearing.

**Note 5 Tangible Capital Assets**
(in thousands)

| | 2015 | | | 2014 (Restated - Note 3) |
|---|---|---|---|---|
| | Equipment [1] | Computer Hardware and Software | Total | Total |
| Estimated Useful Life | 10 years | 3 - 10 years | | |
| Historical Cost [2] | | | | |
| Beginning of year | $ 2,432 | $ 199,066 | $ 201,498 | $ 189,107 |
| Additions | 17 | 20,423 | 20,440 | 16,327 |
| Disposals, including write-downs | (55) | (435) | (490) | (3,936) |
| | 2,394 | 219,054 | 221,448 | 201,498 |
| Accumulated Amortization | | | | |
| Beginning of year | 1,796 | 120,031 | 121,827 | $ 108,218 |
| Amortization expense | 176 | 19,819 | 19,995 | 17,345 |
| Effect of disposals | (55) | - | (55) | (3,736) |
| | 1,917 | 139,850 | 141,767 | 121,827 |
| Net Book Value at March 31, 2015 | $ 477 | $ 79,204 | $ 79,681 | |
| Net Book Value at March 31, 2014 | $ 636 | $ 79,035 | | $ 79,671 |

(1) Equipment includes office equipment and furniture.

(2) Historical cost includes work-in-progress at March 31, 2015 for computer hardware and software totaling $15,023 (2014 - $17,242).



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## Note 6 Accounts Payable and Accrued Liabilities

(in thousands)

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Accounts payable and accrued liabilities | $ 620,923 | $ 694,019 |
| Accrued vacation pay | 10,125 | 9,991 |
| | $ 631,048 | $ 704,010 |

## Note 7 Deferred Revenue

(in thousands)

| | 2015 | 2014 |
|---|---|---|
| Unearned Revenue [i] | $ 10,511 | $ 6,207 |
| Spent Deferred Capital Contributions [ii] | 1,440 | 1,953 |
| | $ 11,951 | $ 8,160 |

(i) Unearned revenue represents unspent resources with stipulations or payments received prior to services being provided. Changes in balances in unearned revenue are as follows:

| | 2015 | | | 2014 |
|---|---|---|---|---|
| | Federal government | Non-government | Total | Total |
| Balance, beginning of year | $ 2,217 | $ 3,990 | $ 6,207 | $ 7,082 |
| Received/receivable during the year | 5,200 | 47,663 | 52,863 | 49,928 |
| Recognized as revenue during the year | (706) | (47,853) | (48,559) | (50,803) |
| Balance, end of year | $ 6,711 | $ 3,800 | $ 10,511 | $ 6,207 |

(ii) Spent deferred capital contributions represent resources which have been spent for acquisition of tangible capital assets stipulated to be used over their useful life. Revenue is recognized over the useful life of the assets. Changes in balances in spent deferred capital contributions are as follows:

| | 2015 | | | 2014 |
|---|---|---|---|---|
| | Federal government | Non-government | Total | Total |
| Balance, beginning of year | $ - | $ 1,953 | $ 1,953 | $ 23,078 |
| Received/receivable during the year | - | - | - | 6,707 |
| Recognized as revenue during the year | - | (513) | (513) | (27,832) |
| Balance, end of year | $ - | $ 1,440 | $ 1,440 | $ 1,953 |



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## Note 8 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met. As at March 31, 2015, the Department has the following contractual obligations:

| | 2015 | 2014 (Restated - Note 3) |
|---|---|---|
| Specific Programs Commitments | $ 875,849 | $ 1,385,719 |
| Capital Contracts | 16,106 | 12,654 |
| Service Contracts | 201,011 | 176,707 |
| | $ 1,092,966 | $ 1,575,080 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | Specific Programs Commitments | Capital Contracts | Service Contracts | Total |
|---|---|---|---|---|
| 2016 | $ 748,429 | $ 15,795 | $ 56,778 | $ 821,002 |
| 2017 | 85,439 | 261 | 45,595 | 131,295 |
| 2018 | 18,378 | 5 | 43,417 | 61,800 |
| 2019 | 13,201 | 5 | 27,865 | 41,071 |
| 2020 | 5,201 | 5 | 26,871 | 32,077 |
| Thereafter | 5,201 | 35 | 485 | 5,721 |
| | $ 875,849 | $ 16,106 | $ 201,011 | $ 1,092,966 |

Canadian Blood Services

The Government of Alberta is committed to provide funding to Canadian Blood Services (CBS) for the provision of blood services in Alberta. This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

Alberta's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products. During the year, payments to CBS amounted to $160,500 (2014 - $146,000).



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**Note 9 Contingent Liabilities and Equity**
(in dollars)

Hepatitis C

In June 1999, the Federal, provincial and territorial governments entered into an agreement to provide financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The agreement provided for a total federal, provincial and territorial contribution of $1.1 billion plus interest. Interest is calculated and accrued quarterly on the outstanding balance at a rate equal to the three month Government of Canada Treasury Bill rate for the quarter. In the fiscal year 1999/2000, the Department accrued $30 million; representing Alberta's estimated proportionate share of the financial assistance, excluding accrued interest. At March 31, 2015, the outstanding balance, including Alberta's proportionate share of the accrued interest, was $14.3 million (2014 - $15.3 million).

Equity Agreements with Voluntary Hospital Owners

The Department has a contingent liability for buy-out of equity under Equity Agreements entered into between the Department and Voluntary Hospital Owners. The Department's payout liability is contingent upon notification by the voluntary hospital owner of termination of the equity agreement. At March 31, 2015, the contingent payout liability upon termination is estimated at $12.8 million (2014 - $12.8 million).

Other Contingent Liabilities

The Department has been named in fourteen claims (2014 – fifteen claims), the outcome of which is not determinable. Of these claims, eleven have specified amounts totaling $34.2 million (2014 – eleven claims with a specified amount of $58.1 million). The remaining three claims have no amounts specified (2014 – four with no amount specified). Included in the total claims, seven claims totaling $32.1 million (2014 – seven claims totaling $34.5 million) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

The Department has been named as a co-defendant, along with AHS, in a certified Class Action (the Claim) arising from increases to long-term accommodation charges, implemented by Alberta Government regulations enacted on and after August 1, 2003, and paid by residents of long-term care facilities. The amount of the Claim has not yet been specified.



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**Note 9 Contingent Liabilities and Equity (continued)**
(in dollars)

Indemnity

As described in Note 8, CBS provides blood services in Alberta. CBS has established two wholly-owned captive insurance corporations, CBS Insurance Company Limited (CBSI) and Canadian Blood Services Captive Insurance Company Limited (CBSE). CBSI provides insurance coverage up to $250 million with respect to risks associated with the operation of the blood system.

CBSE was capitalized in whole through funding from the provinces and territories (except Quebec), through a Captive Support Agreement dated September 28, 2006 ("CSA"), between the provinces, territories, and CBSE. Under the CSA, each of the provinces and territories provided their Pro Rata Share (as defined in the CSA) through an indemnity. Alberta's Pro Rata Share is 13.1% of CBSE's total capital amount, which amounts to $98.0 million. Authority for Alberta to provide the indemnity under the CSA is pursuant to section 5.05 of the Indemnity Authorization Regulation 22/1997, under the *Financial Administration Act*.

The expense recognition criterion for the indemnity is notification from CBS that the indemnity is required. At March 31, 2015, no amount has been recognized for this indemnity.

**Note 10 Payments under Reciprocal and Other Agreements**
(in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial and Territorial Governments to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from the program sponsors. Service providers include Alberta Health Services and physicians. Costs under these agreements are incurred by the Department under authority in section 25 of the *Financial Administration Act*.

In addition, Alberta undertook the role as lead province for the Health Support Committee effective October 3, 2013 to October 1, 2014 and nominal lead for the Healthcare Innovation Working Group for a period of 3 years effective October 3, 2013. The primary focus of both these roles is to provide secretariat functions for the activities and initiatives.

Accounts receivable includes $40,236 (2014- $24,655) and accounts payable includes $0 (2014- $281).

Amounts paid and payable under agreements with program sponsors are as follows:

| | 2015 | 2014 |
|---|---|---|
| Other Provincial and Territorial Government | $ 280,361 | $ 281,187 |
| Health Support Committee | 12 | 21 |
| Healthcare Innovation Working Group | 756 | 35 |
| | $ 281,129 | $ 281,243 |



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**Note 11 Benefit Plans**
(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $13,069 for the year ended March 31, 2015 (2014 - $12,975). The Department is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 - $50,457), the Public Service Pension Plan reported a deficiency of $803,299 (2013 - $1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203 (2013 - $12,384).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 - $75,200) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of $32,343 (2014 - $24,055). The expense for these two plans is limited to the employer's annual contributions for the year.

**Note 12 2013 Alberta Flooding**
(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiative, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

Also, the Province's flood recovery initiatives include non-disaster recovery programs. Costs associated with non-disaster recovery programs are recognized as they are incurred.

| | 2015 | 2014 |
|---|---|---|
| Expenses - 2013 Alberta Flooding | | |
| Non-Disaster Recovery Program | $ 16,368 | $ - |

**Note 13 Comparative Figures**

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

**Note 14 Approval of Financial Statements**

The financial statements were approved by the senior financial officer and the deputy minister.



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# Schedule to Financial Statements

Year Ended March 31, 2015

## SCHEDULE 1

**Revenues**

(in thousands)

| | 2015 | | 2014 |
|---|---|---|---|
| | Constructed Budget (Schedule 4) | Actual | Actual (Restated - Note 3) |
| Government of Alberta Transfers | | | |
| Transfer from Alberta Cancer Prevention Legacy Fund | $ 25,000 | $ 25,000 | $ 25,000 |
| Transfer from Alberta Heritage Foundation for Medical Research Endowment Fund | 86,386 | 91,386 | 86,389 |
| | 111,386 | 116,386 | 111,389 |
| Federal Government Transfers | | | |
| Canada Health Transfer | 3,731,414 | 3,601,124 | 2,611,617 |
| Wait Times Reduction | - | - | 28,566 |
| Other Health Transfers | 2,070 | 2,451 | 2,851 |
| | 3,733,484 | 3,603,575 | 2,643,034 |
| Premiums, Fees and Licences | | | |
| Supplementary Health Benefit Premiums | 53,000 | 47,753 | 50,184 |
| Other | 1 | 2 | 2 |
| | 53,001 | 47,755 | 50,186 |
| Other Revenue | | | |
| Third Party Recoveries | 100,050 | 114,247 | 109,650 |
| Previous years' refunds of expenditure | 5,040 | 24,148 | 23,231 |
| Miscellaneous | 18,126 | 78,967 | 63,255 |
| | 123,216 | 217,362 | 196,136 |
| Total Revenues | $ 4,021,087 | $ 3,985,078 | $ 3,000,745 |



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# Schedule to Financial Statements

Year Ended March 31, 2015

## SCHEDULE 2

**Credit or Recovery**

(in thousands)

| | 2015 | | | | |
|---|---|---|---|---|---|
| | Authorized | Actual Revenue Recognized | Deferred Revenue | Actual Revenue Received/ Receivable | (Shortfall) / Excess |
| Support Programs | | | | | |
| Other Support Programs [a] | $ 1,000 | $ - | $ 5,200 | $ 5,200 | $ 4,200 |
| | $ 1,000 | $ - | $ 5,200 | $ 5,200 | $ 4,200 |

[a] The Department receives funding from Health Canada to enhance existing health services to persons with chronic Hepatitis C virus infection.



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# Schedule to Financial Statements

Year Ended March 31, 2015

**SCHEDULE 3**

**Expenses - Directly Incurred Detailed by Object**

(in thousands)

| | 2015 | | 2014 |
|---|---|---|---|
| | Constructed Budget | Actual | Actual (Restated - Note 3) |
| Grants | $ 17,626,486 | $ 17,807,260 | $ 17,035,092 |
| Supplies and Services | 145,231 | 104,606 | 123,432 |
| Salaries, Wages and Employee Benefits | 107,242 | 104,070 | 106,481 |
| Amortization of Tangible Capital Assets | 17,200 | 19,995 | 17,345 |
| Consumption of Inventories | 52,000 | 55,481 | 45,160 |
| Other | 2,220 | 5,156 | 7,598 |
| | $ 17,950,379 | $ 18,096,568 | $ 17,335,108 |



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# Schedule to Financial Statements

Year Ended March 31, 2015

**SCHEDULE 4**

**Budget Reconciliation**
(in thousands)

| | 2014 - 2015 Estimate [a] | Adjustments to Conform to Accounting Policy [b] | 2014 - 2015 Constructed Budget |
|---|---|---|---|
| Revenues: | | | |
| Government of Alberta Transfers | $ 111,386 | $ - | $ 111,386 |
| Federal Government Transfers | 3,733,484 | - | 3,733,484 |
| Premiums, Fees and Licences | 53,001 | - | 53,001 |
| Other Revenue | 122,703 | 513 | 123,216 |
| | 4,020,574 | 513 | 4,021,087 |
| Expenses - Directly Incurred: | | | |
| Programs | | | |
| Ministry Support Services | 75,137 | - | 75,137 |
| Primary Care Physician Remuneration | 1,340,644 | - | 1,340,644 |
| Specialist Physician Remuneration | 2,342,975 | - | 2,342,975 |
| Physician Development | 147,871 | - | 147,871 |
| Physician Benefits | 128,189 | - | 128,189 |
| Allied Health Services | 77,518 | - | 77,518 |
| Human Tissue and Blood Services | 172,902 | - | 172,902 |
| Drugs and Supplemental Health Benefits | 1,495,002 | - | 1,495,002 |
| Community Programs and Healthy Living | 197,588 | - | 197,588 |
| Support Programs | 202,030 | - | 202,030 |
| Alberta Health Services Base Operating Funding | 10,731,204 | - | 10,731,204 |
| Alberta Health Services Operating Costs of New Facilities | 393,000 | - | 393,000 |
| Primary Health Care/Addictions & Mental Health | 325,726 | - | 325,726 |
| Enhanced Home Care and Rehabilitation | 39,565 | - | 39,565 |
| Information Systems | 115,059 | - | 115,059 |
| Seniors Services | 4,269 | - | 4,269 |
| Alberta Innovates-Health Solutions | 86,386 | - | 86,386 |
| Cancer Research and Prevention Investment | 25,000 | - | 25,000 |
| 2013 Alberta Flooding | 25,000 | - | 25,000 |
| Infrastructure Support | 200 | 25,114 | 25,314 |
| | 17,925,265 | 25,114 | 17,950,379 |
| Net Operating Results | $ (13,904,691) | $ (24,601) | $ (13,929,292) |
| Capital Spending | $ 61,294 | $ (25,314) | $ 35,980 |
| Financial Transactions | $ 52,000 | $ - | $ 52,000 |

Note:

[a] Estimate has been restated as a result of restructuring of government departments announced on September 15, 2014 and transfer of certain programs and services to the Department of Seniors (Order in Council 373/2014 & 472/2014).

[b] Adjustments include capital revenues and grant expenses included in capital spending in fiscal plan.



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# Schedule to Financial Statements

Year Ended March 31, 2015

**SCHEDULE 5**

**Lapse/Encumbrance**

(in thousands)

| Program Operating | Voted Estimate [1] | Supplementary Estimate [2] | Adjustments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **1 Ministry Support Services** | | | | | | |
| 1.1 Minister's Office | $ 854 | $ - | $ - | $ 854 | $ 814 | $ 40 |
| 1.2 Associate Ministers' Office | 291 | - | - | 291 | 286 | 5 |
| 1.3 Deputy Minister's Office | 1,338 | - | - | 1,338 | 1,006 | 332 |
| 1.4 Communications | 3,464 | - | - | 3,464 | 3,131 | 333 |
| 1.5 Strategic Corporate Support | 47,038 | - | - | 47,038 | 46,729 | 309 |
| 1.6 Policy Development and Strategic Support | 20,184 | - | - | 20,184 | 20,371 | (187) |
| 1.8 Health Advocates' Office | 1,718 | - | - | 1,718 | 1,438 | 280 |
| **Sub-Total** | 74,887 | - | - | 74,887 | 73,775 | 1,112 |
| **2 Primary Care Physician Remuneration** | | | | | | |
| 2.1 Program Support | 1,993 | - | - | 1,993 | 2,307 | (314) |
| 2.2 Primary Care Physician Services | 1,250,796 | 39,000 | - | 1,289,796 | 1,281,602 | 8,194 |
| 2.3 Clinical Stabilization Initiative | 87,855 | 15,000 | - | 102,855 | 102,197 | 658 |
| **Sub-Total** | 1,340,644 | 54,000 | - | 1,394,644 | 1,386,106 | 8,538 |
| **3 Specialist Physician Remuneration** | | | | | | |
| 3.1 Program Support | 1,991 | - | - | 1,991 | 2,047 | (56) |
| 3.2 Specialist Physician Services | 2,190,558 | (13,000) | - | 2,177,558 | 2,192,241 | (14,683) |
| 3.3 Academic Alternate Relationship Plans | 150,426 | - | - | 150,426 | 147,860 | 2,566 |
| **Sub-Total** | 2,342,975 | (13,000) | - | 2,329,975 | 2,342,148 | (12,173) |



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# Schedule to Financial Statements

Year Ended March 31, 2015

**SCHEDULE 5 (continued)**

**Lapse/Encumbrance**

(in thousands)

| **Program Operating** | Voted Estimate [1] | Supplementary Estimate [2] | Adjustments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **4 Physician Development** | | | | | | |
| 4.1 Program Support | $ 2,813 | $ - | $ - | $ 2,813 | $ 1,931 | $ 882 |
| 4.2 Medical Residents Services Allowances | 107,010 | 12,000 | - | 119,010 | 118,770 | 240 |
| 4.3 Clinical Training and Assessment Support | 38,048 | 2,000 | - | 40,048 | 40,344 | (296) |
| **Sub-Total** | 147,871 | 14,000 | - | 161,871 | 161,045 | 826 |
| **5 Physician Benefits** | | | | | | |
| 5.1 Program Support | 1,989 | - | - | 1,989 | 2,139 | (150) |
| 5.2 Physician Benefits | 126,200 | (9,000) | - | 117,200 | 116,659 | 541 |
| **Sub-Total** | 128,189 | (9,000) | - | 119,189 | 118,798 | 391 |
| **6 Allied Health Services** | 77,518 | (1,000) | - | 76,518 | 82,832 | (6,314) |
| **7 Human Tissue and Blood Services** | 172,902 | (11,000) | - | 161,902 | 161,916 | (14) |
| **8 Drugs and Supplemental Health Benefits** | | | | | | |
| 8.1 Program Support | 17,058 | - | - | 17,058 | 18,962 | (1,904) |
| 8.2 Outpatient Cancer Therapy Drugs | 158,830 | (9,000) | - | 149,830 | 132,558 | 17,272 |
| 8.3 Outpatient Specialized High Cost Drugs | 89,600 | 4,000 | - | 93,600 | 91,885 | 1,715 |
| 8.4 Seniors Drug Benefits | 387,392 | 124,000 | - | 511,392 | 526,553 | (15,161) |
| 8.5 Seniors Dental, Optical and Supplementary Health Benefits | 126,767 | (14,000) | - | 112,767 | 115,831 | (3,064) |
| 8.6 Non-Group Drug Benefits | 136,675 | 42,000 | - | 178,675 | 184,598 | (5,923) |
| 8.7 Non-Group Supplemental Health Benefits | 1,715 | - | - | 1,715 | 808 | 907 |
| 8.8 Assured Income for the Severely Handicapped Health Benefit | 191,541 | - | - | 191,541 | 198,108 | (6,567) |
| 8.9 Child Health Benefit | 27,901 | - | - | 27,901 | 24,789 | 3,112 |
| 8.10 Adult Health Benefit | 133,681 | - | - | 133,681 | 132,737 | 944 |
| 8.11 Alberta Aids to Daily Living | 134,895 | - | - | 134,895 | 133,063 | 1,832 |
| 8.12 Pharmaceutical Innovation and Management | 88,947 | - | (3,900) | 85,047 | 88,787 | (3,740) |
| **Sub-Total** | 1,495,002 | 147,000 | (3,900) | 1,638,102 | 1,648,679 | (10,577) |

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# Schedule to Financial Statements
Year Ended March 31, 2015

## SCHEDULE 5 (continued)
**Lapse/Encumbrance**
(in thousands)

| Program Operating | Voted Estimate [1] | Supplementary Estimate [2] | Adjustments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **9 Community Programs and Healthy Living** | | | | | | |
| 9.1 Program Support | $ 19,363 | $ (3,000) | $ - | $ 16,363 | $ 16,396 | $ (33) |
| 9.2 Immunization Support | 7,975 | - | - | 7,975 | 6,964 | 1,011 |
| 9.3 Insulin Pump Therapy Program | 7,500 | - | - | 7,500 | 9,870 | (2,370) |
| 9.4 Community-Based Health Services | 68,662 | (23,000) | - | 45,662 | 44,380 | 1,282 |
| 9.5 Safe Communities | 42,088 | - | - | 42,088 | 42,088 | - |
| **Sub-Total** | 145,588 | (26,000) | - | 119,588 | 119,698 | (110) |
| **10 Support Programs** | | | | | | |
| 10.1 Program Support | 13,094 | - | - | 13,094 | 13,172 | (78) |
| 10.2 Out-of-Province Health Care Services | 123,135 | - | - | 123,135 | 126,264 | (3,129) |
| 10.3 Health Services Provided in Correctional Facilities | 42,589 | (5,000) | - | 37,589 | 33,580 | 4,009 |
| 10.4 Health Quality Council of Alberta | 6,959 | - | - | 6,959 | 6,959 | - |
| 10.5 Protection for Persons in Care | 2,287 | - | - | 2,287 | 1,518 | 769 |
| 10.6 Other Support Programs | 11,966 | - | - | 11,966 | 10,971 | 995 |
| **Sub-Total** | 200,030 | (5,000) | - | 195,030 | 192,464 | 2,566 |
| **11 Alberta Health Services** | | | | | | |
| 11.1 Acute Care Services | 3,971,077 | 60,000 | - | 4,031,077 | 4,031,077 | - |
| 11.2 Facility and Home-Based Continuing Care Services | 1,287,422 | 20,000 | - | 1,307,422 | 1,307,422 | - |
| 11.3 Community and Population Health Services | 1,179,933 | 20,000 | - | 1,199,933 | 1,199,933 | - |
| 11.4 Diagnostic and Therapeutic Services | 1,824,356 | 15,000 | - | 1,839,356 | 1,839,356 | - |
| 11.5 Support Services | 2,468,416 | 5,000 | - | 2,473,416 | 2,473,416 | - |
| 11.6 Operating Costs of New Facilities | 393,000 | (15,000) | - | 378,000 | 360,634 | 17,366 |
| **Sub-Total** | 11,124,204 | 105,000 | - | 11,229,204 | 11,211,838 | 17,366 |


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# Schedule to Financial Statements
Year Ended March 31, 2015

**SCHEDULE 5 (continued)**
**Lapse/Encumbrance**
(in thousands)

| Program Operating | Voted Estimate [1] | Supplementary Estimate [2] | Adjustments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **12 Primary Health Care / Addictions and Mental Health** | | | | | | |
| 12.1 Program Support | $ 6,411 | $ - | $ - | $ 6,411 | $ 5,709 | $ 702 |
| 12.2 Family Care Clinics | 63,400 | (59,000) | - | 4,400 | 4,206 | 194 |
| 12.3 Primary Care Networks | 207,915 | - | - | 207,915 | 209,050 | (1,135) |
| 12.5 Addictions and Mental Health | 48,000 | (3,000) | - | 45,000 | 43,326 | 1,674 |
| **Sub-Total** | 325,726 | (62,000) | - | 263,726 | 262,291 | 1,435 |
| **13 Enhanced Home Care and Rehabilitation** | 39,565 | (13,000) | - | 26,565 | 26,861 | (296) |
| **14 Information Systems** | | | | | | |
| 14.1 Program Support | 8,545 | - | - | 8,545 | 7,210 | 1,335 |
| 14.2 Development and Operations | 89,564 | (20,000) | - | 69,564 | 70,416 | (852) |
| **Sub-Total** | 98,109 | (20,000) | - | 78,109 | 77,626 | 483 |
| **15 Seniors Services** | | | | | | |
| 15.3 Supportive Living Accommodations Licensing and Monitoring | 4,269 | - | - | 4,269 | 3,832 | 437 |
| **Sub-Total** | 4,269 | - | - | 4,269 | 3,832 | 437 |

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# Schedule to Financial Statements
Year Ended March 31, 2015

**SCHEDULE 5 (continued)**
**Lapse/Encumbrance**
(in thousands)

| Program Operating | Voted Estimate [1] | Supplementary Estimate [2] | Adjustments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **17 Alberta Innovates - Health Solutions** | $ 86,386 | $ 5,000 | $ - | $ 91,386 | $ 91,386 | $ - |
| **18 Cancer Research and Prevention Investment** | 25,000 | - | - | 25,000 | 25,000 | - |
| **20 2013 Alberta Flooding** | 25,000 | (8,000) | - | 17,000 | 16,368 | 632 |
| **Total** | $ 17,853,865 | $ 157,000 | $ (3,900) | $ 18,006,965 | $ 18,002,663 | $ 4,302 |
| **Lapse/(Encumbrance)** | | | | | | $ 4,302 |
| **Program - Capital** | | | | | | |
| **14 Information Systems** | | | | | | |
| 14.2 Development and Operations | $ 35,980 | $ - | $ - | $ 35,980 | $ 20,423 | $ 15,557 |
| **19 Infrastructure Support** | | | | | | |
| 19.1 Facilities Planning | 2,000 | - | - | 2,000 | 1,800 | 200 |
| 19.3 External Information Systems Development | 23,314 | - | - | 23,314 | 11,472 | 11,842 |
| **Total** | $ 61,294 | $ - | $ - | $ 61,294 | $ 33,695 | $ 27,599 |
| **Lapse/(Encumbrance)** | | | | | | $ 27,599 |


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# Schedule to Financial Statements
Year Ended March 31, 2015

**SCHEDULE 5 (continued)**
**Lapse/Encumbrance**
(in thousands)

| **Program Operating** | Voted Estimate [1] | Supplementary Estimate [2] | Adjustments [3] | Adjusted Voted Estimate | Voted Actuals [4] | Unexpended / (Over Expended) |
|---|---|---|---|---|---|---|
| **Financial Transactions** | | | | | | |
| **8 Drugs and Supplemental Health Benefits** | | | | | | |
| 8.12 Pharmaceutical Innovation and Management | $ - | $ - | $ 3,900 | $ 3,900 | $ 5,859 | $ (1,959) |
| **9 Community Programs and Healthy Living** | | | | | | |
| 9.2 Immunization Support | 52,000 | - | - | 52,000 | 55,295 | (3,295) |
| **Total** | $ 52,000 | $ - | $ 3,900 | $ 55,900 | $ 61,154 | $ (5,254) |
| **Lapse/(Encumbrance)** | | | | | | $ (5,254) |

[1] As per 'Operational Vote by Program', 'Voted Capital Vote by Program' and 'Financial Transactions Vote by Program' page 102 to page 103 of 2014-15 Government Estimates.

[2] Per the Supplementary Estimates approved on March 19, 2015.

[3] Adjustments include encumbrances, capital carryforward amounts and credit or recovery increases approved by Treasury Board Committee and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

[4] Actuals exclude non-voted amounts such as amortization, inventory consumption, and valuation adjustments.

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# Schedule to Financial Statements

Year Ended March 31, 2015

## SCHEDULE 6

**Lottery Fund Estimates**

(in thousands)

| | 2014 - 2015 Lottery Fund Estimates | 2014 - 2015 Actual | Unexpended (Over Expended) |
|---|---|---|---|
| Alberta Health Services | | | |
| - Community and Population Health Services | $ 740,371 | $ 740,371 | $ - |
| | $ 740,371 | $ 740,371 | $ - |

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2014-15. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.



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# Schedule to Financial Statements

Year Ended March 31, 2015

## SCHEDULE 7

**Salary and Benefits Disclosure**

(in dollars)

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Base Salary [1] | Other Cash Benefits [2] | Other Non-cash Benefits [3] | Total | (Restated - Note 3) Total |
| Deputy Minister [4][5] | $ 523,597 | $ 67,475 | $ 16,779 | $ 607,851 | $ 534,671 |
| Chief Delivery Officer | 212,801 | 8,000 | 51,593 | 272,394 | 280,868 |
| Chief Strategy Officer [9] | - | - | - | - | 221,837 |
| Executives - Assistant Deputy Ministers | | | | | |
| Family and Population Health [9] | - | - | - | - | 174,776 |
| Financial and Corporate Services [6] | 212,641 | - | 53,755 | 266,396 | 290,952 |
| Health Benefits and Compliance [9] | - | - | - | - | 465,982 |
| Health Disaster Recovery Team [9] | - | - | - | - | 116,152 |
| Health Information Technology and Systems | 180,073 | - | 46,846 | 226,919 | 211,978 |
| Health Services [5][8] | 218,471 | - | 44,042 | 262,513 | 79,746 |
| Health System Accountability and Performance [8] | 184,547 | - | 45,608 | 230,155 | 48,741 |
| Primary Health Care [9] | - | - | - | - | 465,468 |
| Professional Services and Health Benefits [7] | 167,973 | - | 47,072 | 215,045 | 233,320 |
| Strategic Planning and Policy Development [5] | 199,718 | - | 51,534 | 251,252 | 250,478 |
| Executives - Other | | | | | |
| Executive Director, Human Resources [7] | 136,002 | - | 37,294 | 173,296 | 168,889 |

[1] Base salary includes regular salary and earnings such as acting pay.

[2] Other cash benefits include vacation payouts, lump sum payments, and automobile allowance. There were no bonuses paid in 2015.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plan, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and tuition fees.

[4] Automobile provided, no dollar amount included in other non-cash benefits.

[5] The position was occupied by two individuals at different times during the year.

[6] The position was occupied by three individuals at different times during the year.

[7] The position was occupied by four individuals at different times during the year.

[8] The positions were created on January 15, 2014 as a result of restructuring.

[9] These divisions were abolished effective January 15, 2014 as a result of restructuring.



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# Schedule to Financial Statements
Year Ended March 31, 2015

## SCHEDULE 8
**Related Party Transactions**
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the department. Entities in the Ministry include AHS and its controlled entities, HQCA, and AIHS.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | Entities in the Ministry | | Other Entities | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 (Restated - Note 3) |
| Revenues | | | | |
| Grants | $ - | $ - | $ 116,386 | $ 111,389 |
| Other | 2,027 | 10,936 | 66 | 594 |
| | $ 2,027 | $ 10,936 | $ 116,452 | $ 111,983 |
| Expenses - Directly Incurred | | | | |
| Grants [1] | $ 12,250,115 | $ 11,818,849 | $ 108,248 | $ 101,724 |
| Other Services | - | - | 10,602 | 8,902 |
| | $ 12,250,115 | $ 11,818,849 | $ 118,850 | $ 110,626 |
| Receivable from | $ 88 | $ 1,906 | $ 9 | $ 10 |
| Payable to | $ 49,888 | $ 23,151 | $ 159 | $ 15,051 |
| Contractual Obligations | $ 457,397 | $ 938,974 | $ 41,598 | $ 79,943 |

[1] The grants paid to AHS include amounts that are separately reported on the Statement of Operations.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 9.

| | Entities in the Ministry | | Other Entities | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 (Restated - Note 3) |
| Expenses - Incurred by Others | | | | |
| Accommodation | $ - | $ - | $ 11,594 | $ 13,786 |
| Legal Services | - | - | 4,792 | 4,271 |
| Business Services | - | - | 9,132 | 9,431 |
| | $ - | $ - | $ 25,518 | $ 27,488 |



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# Schedule to Financial Statements

Year Ended March 31, 2015

**SCHEDULE 9**

**Allocated Costs**

(in thousands)

| | 2015 | | | | | 2014 |
|---|---|---|---|---|---|---|
| | | Expenses - Incurred by Others | | | | (Restated - Note 3) |
| | Expenses [1] | Accommodation Costs [2] | Legal Services [3] | Business Services [4] | Total | Total |
| Ministry Support Services | $ 74,031 | $ 11,594 | $ 4,792 | $ 9,132 | $ 99,549 | $ 104,616 |
| Primary Care Physician Remuneration | 1,386,753 | - | - | - | 1,386,753 | 1,291,194 |
| Specialist Physician Remuneration | 2,342,148 | - | - | - | 2,342,148 | 2,165,442 |
| Physician Development | 161,045 | - | - | - | 161,045 | 146,293 |
| Physician Benefits | 118,798 | - | - | - | 118,798 | 152,566 |
| Allied Health Services | 82,832 | - | - | - | 82,832 | 73,012 |
| Human Tissue and Blood Services | 161,916 | - | - | - | 161,916 | 148,204 |
| Drugs and Supplemental Health Benefits | 1,655,043 | - | - | - | 1,655,043 | 1,612,213 |
| Community Programs and Healthy Living | 169,965 | - | - | - | 169,965 | 145,612 |
| Support Programs | 195,308 | - | - | - | 195,308 | 197,292 |
| Alberta Health Services Base Operating Funding | 10,851,204 | - | - | - | 10,851,204 | 10,495,788 |
| Alberta Health Services Operating Costs of New Facilities | 360,634 | - | - | - | 360,634 | 304,730 |
| Primary Health Care/Addictions & Mental Health | 262,291 | - | - | - | 262,291 | 232,143 |
| Enhanced Home Care and Rehabilitation | 26,861 | - | - | - | 26,861 | 37,912 |
| Information Systems | 97,881 | - | - | - | 97,881 | 97,162 |
| Seniors Services | 3,832 | - | - | - | 3,832 | 3,933 |
| Alberta Innovates - Health Solutions | 91,386 | - | - | - | 91,386 | 86,389 |
| Cancer Research and Prevention Investment | 25,000 | - | - | - | 25,000 | 25,000 |
| 2013 Alberta Flooding | 16,368 | - | - | - | 16,368 | - |
| Infrastructure Support | 13,272 | - | - | - | 13,272 | 43,095 |
| | $ 18,096,568 | $ 11,594 | $ 4,792 | $ 9,132 | $ 18,122,086 | $ 17,362,596 |

[1] Expenses - Directly Incurred as per Statement of Operations.

[2] Costs shown for Accommodation (includes grants in lieu of taxes) on Schedule 8.

[3] Costs shown for Legal Services on Schedule 8.

[4] Costs shown for Business Services on Schedule 8 include charges for IT support, vehicles, air transportation, internal audit services and other services the Department receives under contracts managed by Service Alberta.

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# Financial Information

## Alberta Health Services

### Consolidated Financial Statements

March 31, 2015

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Alberta Health Services

# CONSOLIDATED FINANCIAL STATEMENTS

# MARCH 31, 2015



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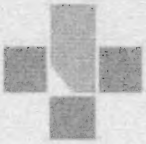

Alberta Health Services


Management's Responsibility for Financial Reporting

Independent Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows

Consolidated Statement of Accumulated Remeasurement Gains and Losses

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries and Benefits




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Alberta Health Services

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for the year ended March 31, 2015 are the responsibility of management and have been reviewed and approved by senior management. The consolidated financial statements were prepared in accordance with Canadian Public Sector Accounting Standards and the financial directives issued by Alberta Health, and of necessity include some amounts based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- safeguard the assets and properties of the Province under Alberta Health Services' administration

Alberta Health Services carries out its responsibility for the consolidated financial statements through the Audit & Risk Committee. The Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the consolidated financial statements to the Alberta Health Services Official Administrator for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit & Risk Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures which allow him to report on the fairness of the consolidated financial statements prepared by management.

[Original Signed By]

Vickie Kaminski
President and Chief Executive Officer
Alberta Health Services

[Original Signed By]

Deborah Rhodes, CA
Vice President Corporate Services and Chief Financial Officer
Alberta Health Services

June 4, 2015



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AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Official Administrator of Alberta Health Services

**Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of Alberta Health Services, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, accumulated remeasurement gains and losses, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Health Services as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2015

Edmonton, Alberta



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## CONSOLIDATED STATEMENT OF OPERATIONS
## YEAR ENDED MARCH 31

| | 2015 Budget (Note 3) | 2015 Actual | 2014 Actual (Note 26) |
|---|---|---|---|
| Revenue: | | | |
| Alberta Health transfers | | | |
| Base operating | $ 10,731,000 | $ 10,851,204 | $ 10,495,788 |
| Other operating | 1,459,000 | 1,378,438 | 1,257,279 |
| Capital | 84,000 | 92,907 | 87,173 |
| Other government transfers (Note 4) | 402,000 | 420,599 | 386,792 |
| Fees and charges | 447,000 | 445,912 | 432,198 |
| Ancillary operations | 127,000 | 133,118 | 125,653 |
| Donations, fundraising, and non-government grants (Note 5) | 143,000 | 167,290 | 155,039 |
| Investment and other income (Note 6) | 175,000 | 308,308 | 249,120 |
| TOTAL REVENUE | 13,568,000 | 13,797,776 | 13,189,042 |
| Expenses: | | | |
| Inpatient acute nursing services | 3,067,000 | 3,247,819 | 3,057,753 |
| Emergency and other outpatient services | 1,571,000 | 1,581,887 | 1,487,854 |
| Facility-based continuing care services | 952,000 | 940,411 | 911,226 |
| Ambulance services | 454,000 | 468,031 | 442,848 |
| Community-based care | 1,156,000 | 1,139,337 | 1,048,466 |
| Home care | 518,000 | 530,501 | 505,751 |
| Diagnostic and therapeutic services | 2,301,000 | 2,314,445 | 2,191,895 |
| Promotion, prevention, and protection services | 372,000 | 358,933 | 333,189 |
| Research and education | 238,000 | 232,162 | 221,838 |
| Administration (Note 7) | 477,000 | 448,491 | 420,761 |
| Information technology | 525,000 | 567,792 | 516,643 |
| Support services (Note 8) | 1,937,000 | 1,970,471 | 1,895,127 |
| TOTAL EXPENSES (Schedule 1) | 13,568,000 | 13,800,280 | 13,033,351 |
| OPERATING SURPLUS (DEFICIT) | $ - | (2,504) | 155,691 |
| Accumulated surplus, beginning of year | | 1,233,805 | 1,078,114 |
| Accumulated surplus, end of year (Note 19) | | $ 1,231,301 | $ 1,233,805 |

*The accompanying notes and schedules are part of these consolidated financial statements.*



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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT MARCH 31

| | 2015 Actual | 2014 Actual |
|---|---|---|
| Assets: | | |
| Cash and cash equivalents (Note 11) | $ 549,779 | $ 606,070 |
| Portfolio investments (Note 12) | 1,955,561 | 1,728,853 |
| Accounts receivable (Note 13) | 313,972 | 379,245 |
| Other assets | 12,179 | 11,604 |
| Tangible capital assets (Note 14) | 7,511,137 | 7,502,495 |
| Inventories for consumption | 96,583 | 98,252 |
| Prepaid expenses (Note 24) | 126,610 | 106,399 |
| TOTAL ASSETS | $ 10,565,821 | $ 10,432,918 |
| Liabilities: | | |
| Accounts payable and accrued liabilities (Note 15) | $ 1,256,333 | $ 1,195,016 |
| Employee future benefits (Note 16) | 594,603 | 554,532 |
| Deferred revenue (Note 17) | 7,033,031 | 7,005,555 |
| Debt (Note 18) | 339,397 | 350,368 |
| TOTAL LIABILITIES | 9,223,364 | 9,105,471 |
| Net Assets: | | |
| Accumulated surplus (Note 19) | 1,231,301 | 1,233,805 |
| Accumulated remeasurement gains and losses | 38,775 | 24,846 |
| Endowments (Note 20) | 72,381 | 68,796 |
| TOTAL NET ASSETS | 1,342,457 | 1,327,447 |
| | $ 10,565,821 | $ 10,432,918 |

Contractual Obligations and Contingent Liabilities (Note 21)

*The accompanying notes and schedules are part of these consolidated financial statements.*

Approved by:

[Original Signed By]

**Dr. Carl Amrhein, PhD, RPP, MCIP, FRCGS**
**Official Administrator**
**Alberta Health Services**



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## CONSOLIDATED STATEMENT OF CASH FLOWS
## YEAR ENDED MARCH 31

| | 2015 Budget (Note 3) | 2015 Actual | 2014 Actual (Note 26) |
|---|---|---|---|
| Operating transactions: | | | |
| Operating surplus (deficit) | $ - | $ (2,504) | $ 155,691 |
| Non-cash items: | | | |
| Amortization, disposals, and write-downs | 556,000 | 633,593 | 564,926 |
| Recognition of expended deferred capital revenue | (363,000) | (427,506) | (374,317) |
| Revenue recognized for acquisition of land | - | - | (1,224) |
| Decrease (increase) in: | | | |
| Accounts receivable related to operating transactions | 12,000 | 72,533 | (37,073) |
| Inventories for consumption | 3,000 | 1,669 | (4,704) |
| Other assets | (27,000) | (575) | 851 |
| Prepaid expenses | (21,000) | (20,211) | (20,280) |
| Increase (decrease) in: | | | |
| Accounts payable and accrued liabilities related to operating transactions | 1,000 | 85,372 | 73,690 |
| Employee future benefits | 4,000 | 40,071 | 29,705 |
| Deferred revenue related to operating transactions | (59,000) | (70,906) | (44,840) |
| Cash provided by operating transactions | 106,000 | 311,536 | 342,425 |
| Capital transactions: | | | |
| Acquisition of tangible capital assets | (383,000) | (229,734) | (286,015) |
| Increase (decrease) in accounts payable and accrued liabilities related to capital transactions | 236,000 | (30,566) | (35,100) |
| Cash applied to capital transactions | (147,000) | (260,300) | (321,115) |
| Investing transactions: | | | |
| Purchase of portfolio investments | (3,633,000) | (3,134,674) | (3,851,627) |
| Proceeds on disposals of portfolio investments | 3,408,000 | 2,955,055 | 3,572,082 |
| Cash applied to investing transactions | (225,000) | (179,619) | (279,545) |
| Financing transactions: | | | |
| Deferred capital revenue received | 120,000 | 96,977 | 206,276 |
| Deferred capital revenue returned | - | (14,119) | (7,957) |
| Proceeds from debt | 10,000 | 5,772 | - |
| Principal payments on debt | (15,000) | (16,538) | (18,618) |
| Cash provided by financing transactions | 115,000 | 72,092 | 179,701 |
| Net decrease in cash and cash equivalents | (151,000) | (56,291) | (78,534) |
| Cash and cash equivalents, beginning of year | 602,000 | 606,070 | 684,604 |
| Cash and cash equivalents, end of year | $ 451,000 | $ 549,779 | $ 606,070 |

*The accompanying notes and schedules are part of these consolidated financial statements.*



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## CONSOLIDATED STATEMENT OF ACCUMULATED REMEASUREMENT GAINS AND LOSSES
## YEAR ENDED MARCH 31

| | 2015 Actual | 2014 Actual |
|---|---|---|
| Accumulated remeasurement gains, beginning of year | $ 24,846 | $ 10,221 |
| Unrestricted unrealized net gains on portfolio investments | 43,724 | 29,581 |
| Amounts reclassified to the Consolidated Statement of Operations related to portfolio investments | (29,795) | (14,956) |
| Net remeasurement gains for the year | 13,929 | 14,625 |
| Accumulated remeasurement gains, end of year (Note 12) | $ 38,775 | $ 24,846 |

*The accompanying notes and schedules are part of these consolidated financial statements.*



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## MARCH 31, 2015

### Note 1 Authority, Purpose and Operations

Alberta Health Services (AHS) was established under the *Regional Health Authorities Act* (Alberta), effective April 1, 2009, as a result of the amalgamation of 12 formerly separate health entities in Alberta.

Pursuant to Section 5 of the *Regional Health Authorities Act* (Alberta), AHS is responsible in Alberta to:

- promote and protect the health of the population in the health region and work toward the prevention of disease and injury;
- assess on an ongoing basis the health needs of the health region;
- determine priorities in the provision of health services in the health region and allocate resources accordingly;
- ensure that reasonable access to quality health services is provided in and through the health region; and
- promote the provision of health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities in the health region.

Additionally, AHS is accountable to the Minister of Health (the Minister) for the delivery and operation of the public health system.

The AHS consolidated financial statements include the revenue and expenses associated with its responsibilities. These consolidated financial statements do not reflect the complete costs of provincial health care. For example, the Department of Health is responsible for paying most physician fees. For a complete picture of the costs of provincial healthcare, readers should consult the consolidated financial statements of the Government of Alberta (GOA).

AHS and its contracted health service providers deliver health services at facilities and sites grouped in the following areas: addiction treatment, community mental health, standalone psychiatric facilities, acute care hospitals, sub-acute care in auxiliary hospitals, long-term care, palliative care, supportive living, cancer care, community ambulatory care centres, and urgent care centres.

AHS is exempt from the payment of income taxes under the *Income Tax Act* (Canada).

### Note 2 Significant Accounting Policies and Reporting Practices

#### (a) Basis of Presentation

AHS operates as a Government Not-for-Profit Organization. These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) and the financial directives issued by Alberta Health (AH).

These financial statements have been prepared on a consolidated basis and include the following entities:

(i) Controlled Entities

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the following entities which are controlled by AHS as at March 31, 2015:

**Wholly Owned Subsidiaries:**

- Calgary Laboratory Services Ltd. (CLS) - provides medical diagnostic services in Calgary and southern Alberta.
- Capital Care Group Inc. - manages continuing care programs and facilities in the Edmonton area.
- Carewest - manages continuing care programs and facilities in the Calgary area.



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**Foundations:**

Airdrie Health Foundation
Alberta Cancer Foundation (ACF)
Bassano and District Health Foundation
Bow Island and District Health Foundation
Brooks and District Health Foundation
Calgary Health Trust (CHT)
Canmore and Area Health Care Foundation
Cardston and District Health Foundation
Claresholm and District Health Foundation
Crowsnest Pass Health Foundation
David Thompson Health Trust
Fort Macleod and District Health Foundation
Fort Saskatchewan Community Hospital Foundation
Grande Cache Hospital Foundation
Grimshaw/Berwyn Hospital Foundation
Jasper Health Care Foundation
Lacombe Hospital and Care Centre Foundation
Medicine Hat and District Health Foundation
Mental Health Foundation
North County Health Foundation
Oyen and District Health Care Foundation
Peace River and District Health Foundation
Ponoka and District Health Foundation
Stettler Health Services Foundation
Strathcona Community Hospital Foundation
Tofield and Area Health Services Foundation
Vermillion and Region Health and Wellness Foundation
Viking Health Foundation
Vulcan County Health and Wellness Foundation
Windy Slopes Health Foundation

**Provincial Health Authorities of Alberta Liability and Property Insurance Plan (LPIP):**

AHS consolidates its interest in the LPIP. AHS has the majority of representation on the LPIP's governance board and is therefore considered to control the LPIP. The main purpose of the LPIP is to share the risks of general and professional liability to lessen the impact on any one subscriber.

**Other:**

Queen Elizabeth II Hospital Child Care Centre

(ii) Government Partnerships

AHS uses the proportionate consolidation method to account for its 50% interest in the Primary Care Network (PCN) government partnerships with physician groups (Note 23), its 50% interest in the Northern Alberta Clinical Trials Centre (NACTRC) partnership with the University of Alberta, and its 30% interest in the HUTV Limited Partnership (HUTV) with David Chittick Management Ltd.

AHS has joint control with various physician groups over PCNs. AHS entered into local primary care initiative agreements to jointly manage and operate the delivery of primary care services, to achieve the PCN business plan objectives, and to contract and hold property interests required in the delivery of PCN services.



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

The following PCNs are included in these consolidated financial statements on a proportionate basis:

Alberta Heartland Primary Care Network
Aspen (Athabasca) Primary Care Network
Big Country Primary Care Network
Bonnyville Primary Care Network
Bow Valley Primary Care Network
Calgary Foothills Primary Care Network
Calgary Rural Primary Care Network
Calgary West Central Primary Care Network
Camrose Primary Care Network
Chinook Primary Care Network
Cold Lake Primary Care Network
Drayton Valley Primary Care Network
Edmonton North Primary Care Network
Edmonton Oliver Primary Care Network
Edmonton Southside Primary Care Network
Edmonton West Primary Care Network
Grande Cache Primary Care Network
Grande Prairie Primary Care Network
Highland Primary Care Network
Kalyna Country (Vegreville/Vermillion) Primary Care Network
Lakeland (St. Paul/Aspen) Primary Care Network
Leduc Beaumont Devon Primary Care Network
Lloydminster Primary Care Network
McLeod River Primary Care Network
Mosaic Primary Care Network
Northwest Primary Care Network
Palliser Primary Care Network
Peace Region Primary Care Network
Peaks to Prairies Primary Care Network
Provost/Consort Primary Care Network
Red Deer Primary Care Network
Rocky Mountain House Primary Care Network
Sexsmith/Spirit River Primary Care Network
Sherwood Park - Strathcona County Primary Care Network
South Calgary Primary Care Network
St. Albert & Sturgeon Primary Care Network
Wainwright Primary Care Network
West Peace Primary Care Network
WestView Primary Care Network
Wetaskiwin Primary Care Network
Wolf Creek Primary Care Network
Wood Buffalo Primary Care Network

(iii) Other

These consolidated financial statements include the payments to voluntary and private organizations under contract to provide health services in the Province of Alberta (Note 9). Also included are certain tangible capital assets owned by AHS but operated by contracted health service providers. Other operations not funded by AHS and other assets and liabilities of the contracted health service providers are not included in these consolidated financial statements. These consolidated financial statements also do not include the trust funds administered on behalf of others (Note 25).



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(b) Revenue Recognition**

Revenue is recognized in the period in which the transactions or events that give rise to the revenue as described below occur. All revenue is recorded on an accrual basis, except when the accrual cannot be determined within a reasonable degree of certainty or when estimation is impracticable.

(i) Government Transfers

Transfers from AH, other GOA ministries and agencies, and federal government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with AHS' actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, AHS complies with its communicated use of the transfer.

All other government transfers without terms for the use of the transfer are recorded and recognized as revenue when AHS is eligible to receive the funds.

(ii) Donations, Fundraising, and Non-Government Grants

Donations, fundraising, and non-government grants are received from individuals, corporations, and other not-for-profit organizations. Donations, fundraising, and non-government grants may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations, fundraising, and non-government grants are recorded as revenue in the year received or in the year the funds are committed to AHS if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, fundraising, non-government grants, and realized and unrealized gains and losses for the associated externally restricted investment income are recorded as deferred revenue if the terms for their use, or the terms along with AHS' actions and communications as to their use create a liability. These resources are recognized as revenue as the terms are met and, when applicable, AHS complies with its communicated use.

In-kind donations of services and materials are recorded at fair value when such value can reasonably be determined. While volunteers contribute a significant amount of time each year to assist AHS, the value of their services is not recognized as revenue and expenses in the consolidated financial statements because fair value cannot be reasonably determined.

(iii) Grants and Donations of or for Land

AHS records transfers and donations to buy land as a liability when received and recognizes as revenue when AHS buys the land. AHS recognizes in-kind contributions of land as revenue at the fair value of the land when a fair value can be reasonably determined. When AHS cannot determine the fair value, it records such in-kind contributions at nominal value.

(iv) Endowments

Donations, fundraising, government transfers, and non-government grants that must be maintained in perpetuity are recognized as a direct increase in endowment net assets when received or receivable.

All unrealized gains and losses attributable to endowments are recognized as an increase or decrease in deferred revenue.



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

Expendable realized gains and losses on portfolio investments attributable to endowments are recognized as increases or decreases in deferred revenue when received or receivable and are subsequently recognized in the Consolidated Statement of Operations when terms of use are met, as stipulated by the donors. Realized investment gains on portfolio investments for endowment capital preservation purposes are recognized as a direct increase in endowment net assets when received or receivable.

(v) Fees and Charges, Ancillary Operations, and Other Income

Fees and charges, ancillary operations, and other income are recognized in the period that goods are delivered or services are provided. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

(vi) Investment Income

Investment income includes dividend and interest income, and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted grants or donations are recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Consolidated Statement of Operations. Restricted investment income is recognized as revenue in the period the related expenses are incurred or the terms of use are met.

**(c) Expenses**

The key elements of AHS' expense recognition policy are:

(i) Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Interest expense includes debt sourcing costs.

Expenses include grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

(ii) Expenses incurred include contracted health services provided by other entities in support of AHS' responsibilities and operations. These expenses are disclosed in Note 9.

**(d) Financial Instruments**

All of AHS' financial assets and liabilities are initially recorded at their fair value. The following table identifies AHS' financial assets and liabilities and identifies how they are subsequently measured:

| Financial Assets and Liabilities | Subsequent Measurement and Recognition |
|---|---|
| Cash and cash equivalents and portfolio investments | Measured at fair value with changes in fair values recognized in the Consolidated Statement of Accumulated Remeasurement Gains and Losses, accounts payable, or deferred revenue until realized at which time the cumulative changes in fair value are recognized in the Consolidated Statement of Operations. |
| Accounts receivable, accounts payable and accrued liabilities and debt | Measured at cost or amortized cost using the effective interest rate method. |



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

PSAS requires portfolio investments in equity instruments quoted in an active market to be recorded under the fair value category and AHS may choose to record other financial assets under the fair value category if there is an investment strategy to evaluate the performance of a group of these financial assets on a fair value basis. AHS has elected to record its money market securities, fixed income securities, and certain other equity investments at fair value. The three levels of information that may be used to measure fair value are:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

AHS measures and recognizes embedded derivatives separately from the host contract when the economic characteristics and risk of the embedded derivative are not closely related to those of the host contract, when it meets the definition of a derivative and when the entire contract is not measured at fair value. Embedded derivatives are recorded at fair value. For the year ended March 31, 2015, AHS has no embedded derivatives that require separation from the host contract.

Derivatives are recorded at fair value in the Consolidated Statement of Financial Position. Derivatives with a positive or negative fair value are recognized as increases or decreases to investments. Unrealized gains and losses from changes in the fair value of derivatives are recognized in accumulated remeasurement gains and losses.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported as a realized loss on the Consolidated Statement of Operations.

Transaction costs associated with the acquisition and disposal of cash and cash equivalents and portfolio investments are expensed as incurred. Investment management fees are expensed as incurred. The purchase and sale of cash and cash equivalents and portfolio investments are accounted for using trade-date accounting.

**(e) Inventories For Consumption**

Inventories for consumption or distribution at no charge are valued at lower of cost (defined as moving average cost) and current replacement value.

**(f) Tangible Capital Assets**

Tangible capital assets and work in progress are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. Contributed tangible capital assets and work in progress acquired from other government organizations and other entities are recorded at their fair value on the date of donation. When AHS cannot determine the fair value, in-kind contributions are recorded at a nominal value. Costs incurred by Alberta Infrastructure (AI) to build tangible capital assets on behalf of AHS are recorded by AHS as work in progress and expended deferred capital revenue as AI incurs costs.

Works of art, historical treasures, and collections are expensed when purchased or contributed and not recognized in tangible capital assets.

The threshold for capitalizing new systems development is $250 and major system enhancements is $100. The threshold for all other tangible capital assets is $5. All land is capitalized.



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

The cost less residual value of tangible capital assets, excluding land, is amortized over their estimated useful lives on a straight-line basis as follows:

| | Useful Life |
|---|---|
| Facilities and improvements | 10-40 years |
| Equipment | 3-20 years |
| Information systems | 3-5 years |
| Leased vehicles, facilities and improvements | Term of lease |
| Building service equipment | 5-40 years |
| Land improvements | 5-40 years |

Work in progress, which includes facility and improvement projects and development of information systems, is not amortized until after a project is substantially complete and the assets are put into service.

Leases transferring substantially all benefits and risks of tangible capital asset ownership are reported as tangible capital asset acquisitions financed by long-term obligations. These capital lease obligations are recorded at the present value of the minimum lease payments excluding executory costs (e.g. insurance, maintenance costs, etc.).

The discount rate used to determine the present value of the lease payments is the lower of AHS' rate for incremental borrowing or the interest rate implicit in the lease. Note 18(c) provides a schedule of repayments and amount of interest on the leases.

Tangible capital assets are written down when conditions indicate that they no longer contribute to AHS' ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations. Write-downs are not reversed.

**(g) Employee Future Benefits**

(i) Registered Benefit Pension Plans

AHS participates in the following registered defined benefit pension plans: the Local Authorities Pension Plan (LAPP) and the Management Employees Pension Plan (MEPP). These multi-employer public sector defined benefit plans provide pensions for participants based on years of service and final average earnings. Benefits for post-1991 service payable under these plans are limited by the *Income Tax Act* (Canada). The President of Alberta Treasury Board and Minister of Finance is the legal trustee and administrator of the plans. The Department of Treasury Board and Finance accounts for its share of obligations for these pension plans relating to former and current employees of all of the organizations included in the GOA consolidated reporting entity on a defined benefit basis. As a participating government organization, AHS accounts for these plans on a defined contribution basis. Accordingly, the pension expense recorded for these plans in these consolidated financial statements is comprised of the employer contributions that AHS is required to pay for its employees during the fiscal year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

(ii) Other Defined Contribution Pension Plans

AHS sponsors Group Registered Retirement Savings Plans (GRRSPs) for certain employee groups. Under the GRRSPs, AHS matches a certain percentage of any contribution made by plan participants up to certain limits. AHS also sponsors a defined contribution pension plan for certain employee groups where the employee and employer each contribute specified percentages of pensionable earnings.



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

(iii) Supplemental Executive Retirement Plans (SERPs)

AHS sponsors SERPs, which are funded, and has three Retirement Compensation Arrangements (RCA) for these plans. The SERPs cover certain employees and supplement the benefits under AHS' registered plans that are limited by the *Income Tax Act* (Canada). Each plan was closed to new entrants effective April 1, 2009. SERPs provide future pension benefits to participants based on years of service and earnings.

Due to *Income Tax Act* (Canada) requirements, the SERPs are subject to the RCA rules; therefore approximately half the assets are held in a non-interest bearing Refundable Tax Account with the Canada Revenue Agency. The remaining assets of the SERPs are invested in a combination of Canadian equities and Canadian fixed income securities.

The obligations and costs of these benefits are determined annually through an actuarial valuation as at March 31 using the projected benefit method pro-rated on service. AHS uses a discount rate based on plan asset earnings to calculate the accrued benefit obligation.

The net retirement benefit cost of SERPs reported in these consolidated financial statements is comprised of the retirement benefits expense and the retirement benefits interest expense. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The key components of retirement benefits expense include the current period benefit cost, cost of any plan amendments including related net actuarial gains or losses incurred in the period, gains and losses from any plan settlements or curtailments incurred in the period, and amortization of actuarial gains and losses. Retirement benefit costs are not cash payments in the period but are the period expense for rights to future compensation. The retirement benefits interest expense is net of the interest cost on the accrued benefit obligation and the expected return on plan assets. The actuarial gains and losses that arise are accounted for in accordance with PSAS whereby AHS amortizes actuarial gains and losses from the liability or asset over the average remaining service life of the related employee group.

Prior period service costs arising from plan amendments are recognized in the period of the plan amendment. When an employee's accrued benefit obligation is fully discharged, all unrecognized amounts associated with that employee are fully recognized in the net retirement benefit cost in the following year.

(iv) Supplemental Pension Plan (SPP)

Subsequent to April 1, 2009, staff eligible for SERP are enrolled in a defined contribution SPP. Similar to the SERP, the SPP supplements the benefits under AHS registered plans that are limited by the *Income Tax Act* (Canada). AHS contributes a certain percentage of an eligible employee's pensionable earnings, in excess of the limits of the *Income Tax Act* (Canada). This plan provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participant.

(v) Sick Leave Liability

Sick leave benefits accumulate with employees' service and are provided by AHS to certain employee groups of AHS, as defined by employment agreements, to cover illness related absences that are outside of short-term and long-term disability coverage. Benefit amounts are determined and accumulate with reference to employees' final earnings at the time they are paid out. The cost of the accumulating non-vesting sick leave benefits is expensed as the benefits are earned.

AHS accrues its liabilities for accumulating non-vesting sick leave benefits but does not record a liability for sick leave benefits that do not accumulate beyond the current reporting period as these are renewed annually.

The accumulating non-vesting sick leave liability is actuarially determined using the projected benefit method prorated on service and management's best estimates of expected discount rate, inflation, rate of compensation increase, termination and retirement rates, and mortality. The liability associated with these benefits is calculated as the present value of expected future payments pro-rated for service.



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

Any resulting net actuarial gain (loss) is deferred and amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

(vi) Other Benefits

AHS provides its employees with basic life, accidental death and dismemberment, short-term disability, long-term disability, extended health, dental, and vision benefits through benefits carriers. AHS fully accrues its obligations for employee non-pension future benefits.

**(h) Net Assets**

Net assets represent the difference between the carrying value of assets held by AHS and its liabilities.

PSAS requires a "net debt" presentation for the Statement of Financial Position in the summary financial statements of government. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenue required to pay for past transactions and events. AHS operates within the government reporting entity, and does not finance all of its expenditures by independently raising revenue. Accordingly, these consolidated financial statements do not report a net debt indicator.

**(i) Measurement Uncertainty**

The consolidated financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The amount recorded for amortization of tangible capital assets is based on the estimated useful life of the related assets while the recognition of expended deferred capital revenue depends on when the terms for the use of the funding are met and, when applicable, AHS complies with its communicated use of the funding. The amounts recorded for employee future benefits are based on estimated future cash flows. The provision for unpaid claims, allowance for doubtful accounts and accrued liabilities are subject to significant management estimates and assumptions. These estimates and assumptions are reviewed at least annually. Actual results could differ from the estimates determined by management in these consolidated financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

The establishment of the provision for unpaid claims relies on the judgment and opinions of many individuals; historical precedent and trends; prevailing legal, economic, and social and regulatory trends; and expectation as to future developments. The process of determining the provision necessarily involves risks that the actual results will deviate perhaps materially from the best estimates made.

**(j) Reserves**

Certain amounts, as approved by the Official Administrator, are set aside in accumulated surplus for future operating and capital purposes. Transfers to or from reserves are recorded to the respective reserve when approved.

**(k) Change in Accounting Policy**

**PS 3260 Liability for Contaminated Sites**

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. AHS adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. AHS is required to recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. For the fiscal year ended March 31, 2015, AHS has not identified any liability for contaminated sites.



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**Note 2 Significant Accounting Policies and Reporting Practices (continued)**

**(l) Future Accounting Changes**

In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

AHS will be required to evaluate its disclosures based on the new accounting standards. AHS' management is currently assessing the impact of these new standards on the consolidated financial statements.

**Note 3 Budget**

The AHS Health Plan and Business Plan 2014-17, which included the 2014-15 annual budget, was approved by the Minister on September 4, 2014.

In 2014-15, AHS reclassified the approved budget for the following due to change in methodology:

(i) $26,000 related to reclassification of rebates from revenue to net against expenses.
(ii) $24,000 related to reclassification of administration expense for contracted health service providers.

| | Board Approved Budget | Reclassifications | Reported Budget |
|---|---|---|---|
| **Revenue** | | | |
| Investment and other income | 201,000 | (26,000) | 175,000 |
| **Expenses** | | | |
| Inpatient acute nursing services | 3,077,000 | (10,000) | 3,067,000 |
| Emergency and other outpatient services | 1,586,000 | (15,000) | 1,571,000 |
| Facility-based continuing care services | 936,000 | 16,000 | 952,000 |
| Community-based care | 1,148,000 | 8,000 | 1,156,000 |
| Diagnostic and therapeutic services | 2,302,000 | (1,000) | 2,301,000 |
| Administration | 501,000 | (24,000) | 477,000 |
| **Expenses by Object** | | | |
| Drugs and gases | 452,000 | (24,000) | 428,000 |
| Medical and surgical supplies | 406,000 | (2,000) | 404,000 |

**Note 4 Other Government Transfers**

| | 2015 | 2014 |
|---|---|---|
| Unrestricted operating transactions | $ 52,760 | $ 48,479 |
| Restricted operating transactions | 82,578 | 83,982 |
| Restricted capital transactions | 285,261 | 254,331 |
| | $ 420,599 | $ 386,792 |

Other government transfers include $414,442 (2014 – $378,622) transferred from the GOA and $6,157 (2014 – $8,170) from the federal government, and exclude amounts from AH as these amounts are separately disclosed on the Consolidated Statement of Operations.



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## Note 5 Donations, Fundraising, and Non-Government Grants

| | 2015 | 2014 |
|---|---|---|
| Unrestricted operating transactions | $ 4,230 | $ 10,480 |
| Restricted operating transactions | 113,722 | 111,746 |
| Restricted capital transactions | 49,338 | 32,813 |
| | $ 167,290 | $ 155,039 |

## Note 6 Investment and Other Income

| | 2015 | 2014 |
|---|---|---|
| Investment income | $ 98,841 | $ 57,757 |
| Other income: | | |
| External recoveries from the GOA (Note 22) | 43,809 | 39,550 |
| Other revenue | 165,658 | 151,813 |
| | $ 308,308 | $ 249,120 |

Other revenue includes revenue related to administrative services provided to others of $11,978 (2014 – $12,065) (Note 7).

## Note 7 Administration

| | 2015 | 2014 |
|---|---|---|
| General administration[a] | $ 225,288 | $ 207,424 |
| Human resources[b] | 99,325 | 96,821 |
| Finance[c] | 65,187 | 63,657 |
| Communications[d] | 16,492 | 17,309 |
| Direct administration expense incurred by AHS | 406,292 | 385,211 |
| Administration expense of certain contracted health service providers (Note 9)[(c)] | 42,199 | 35,550 |
| Total administration expense | $ 448,491 | $ 420,761 |
| Less revenue related to administrative services provided to others (Note 6) | (11,978) | (12,065) |
| Net administration expense | $ 436,513 | $ 408,696 |

Net administration expense has been presented to align with the Canadian Institute of Health Information (CIHI) definition. Activities and costs directly supporting clinical activities are not included in administration.

The following are the direct administration expenses incurred by AHS:

**(a)** General administration includes the Official Administrator expenses, senior leaders' expenses, and other administrative functions such as planning and development, privacy, risk management, internal audit, infection control, quality assurance, insurance, patient safety, and legal.

**(b)** Human resources includes personnel services, staff recruitment and selection, orientation, labour relations, employee health, and employee record keeping.

**(c)** Finance includes the recording, monitoring, and reporting of the financial and statistical aspects of AHS' planned and actual activities.

**(d)** Communications includes the receipt and transmittal of AHS' communications including electronic communication, visitor information, and mail services. It also includes personnel dedicated to maintenance and repair of communication systems and devices.



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**Note 7 Administration (continued)**

In addition, AHS recognizes the following indirect costs as administration expense:

**(e)** Administrative expense of certain contracted health service providers is AHS' estimate of the portion that AHS funds of the general administration, human resources, finance and communication expenses incurred by voluntary service providers with whom AHS contracts for a full spectrum of health services, the largest being Covenant Health.

**Note 8 Support Services**

| | 2015 | 2014 |
|---|---|---|
| Facilities operations | $ 800,723 | $ 779,972 |
| Patient: health records, food services, and transportation | 345,760 | 335,892 |
| Housekeeping, laundry, and linen | 228,181 | 209,887 |
| Materials management | 184,611 | 172,827 |
| Support services expense of contracted health service providers (Note 9) | 113,799 | 116,496 |
| Ancillary operations | 109,604 | 109,970 |
| Fundraising expenses and grants awarded | 38,682 | 34,089 |
| Emergency preparedness services | 3,992 | 4,536 |
| Other | 145,119 | 131,458 |
| | $ 1,970,471 | $ 1,895,127 |

**Note 9 Contracts with Health Service Providers**

AHS is responsible for the delivery and operation of the public health system in Alberta. To this end, AHS has contracts with various voluntary and private health service providers to deliver health services throughout Alberta.

| | 2015 | 2014 |
|---|---|---|
| Voluntary health service providers | $ 1,377,957 | $ 1,320,027 |
| Private health service providers | 997,854 | 938,015 |
| Total direct AHS funding | $ 2,375,811 | $ 2,258,042 |

The contracts may be for one service such as home care or for the full spectrum of services like Covenant Health who operates several hospitals as well as long-term care facilities. For those contracts that are not for the full spectrum of services, no amount has been allocated to administration.

The direct AHS funding provided is allocated on the Consolidated Statement of Operations according to the services contracted and is as follows:

| | 2015 | 2014 |
|---|---|---|
| Inpatient acute nursing services | $ 303,562 | $ 294,230 |
| Emergency and other outpatient services | 98,079 | 97,049 |
| Facility-based continuing care services | 601,198 | 583,698 |
| Ambulance services | 167,874 | 165,451 |
| Community-based care | 496,173 | 440,464 |
| Home care | 179,116 | 169,358 |
| Diagnostic and therapeutic services | 357,813 | 342,309 |
| Promotion, prevention, and protection services | 9,535 | 9,911 |
| Research and education | 378 | 1,291 |
| Administration of certain contract providers (Note 7) | 42,199 | 35,550 |
| Information technology | 6,085 | 2,235 |
| Support services (Note 8) | 113,799 | 116,496 |
| Total allocated expenses | $ 2,375,811 | $ 2,258,042 |



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## Note 10 Financial Instruments

AHS is exposed to a variety of financial risks associated with the entity's financial instruments. These financial risks include market risk, price risk, interest rate risk, foreign currency risk, credit risk, and liquidity risk.

### (a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

In order to earn financial returns at an acceptable level of market risk, each of the investment policies have established a targeted asset mix. The AHS Investment Bylaw has established asset mix ranges of 0% to 100% for cash and money market securities, 0% to 80% for fixed income securities, and 0% to 40% for equities.

The ACF Investment Policy has established an asset mix policy of 0% to 10% for money market securities, 30% to 60% for fixed income securities, and 30% to 70% for equities.

The LPIP Investment Policy has established an asset mix policy of 80% to 87% for cash and fixed income securities, 10% to 15% for equities, and 3% to 5% for real estate.

The CHT Statement of Investment Policies and Goals has established an asset mix policy of 30% to 70% for fixed income securities and 30% to 70% for equities.

Risk is reduced under all of the investment policies through asset class diversification, diversification within each asset class, and portfolio quality constraints.

AHS assesses the sensitivity of its portfolio to market risk based on historical volatility of equity and fixed income markets. The volatility is determined using a ten year average based on fixed income and equity market fluctuations and is applied to the total portfolio. Based on the volatility average of 2.55% (2014 – 2.24%) increase or decrease, with all other variables held constant, the increase or decrease in accumulated remeasurement gains and losses would be $43,297 (2014 - $40,155).

### (b) Price Risk

Price risk relates to the possibility that equity investments will change in fair value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. AHS is exposed to price risk associated with the underlying equity investments held in investment funds. If equity market indices (S&P/TSX, S&P1500 and MSCI ACWI and their sectors) declined by 10%, and all other variables are held constant, the potential loss in fair value to AHS would be approximately 2.30% of total investments (March 31, 2014 – 2.30%).

A 10% change in market value relating to equity securities would have increased or decreased fair value by approximately $44,501 (March 31, 2014 - $41,042).

### (c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. AHS manages the interest rate risk exposure of its fixed income investments by management of average duration and laddered maturity dates.

AHS is exposed to interest rate risk through its investments in fixed income securities with both fixed and floating interest rates. AHS has fixed interest rate loans for all debt, thereby mitigating interest rate risk from rate fluctuations over the term of the outstanding debt. The fair value of fixed rate debt fluctuates with changes in market interest rates but the related future cash flows will not change.



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**Note 10 Financial Instruments (continued)**

In general investment returns for bonds and mortgage funds are sensitive to changes in the level of interest rates, with longer term interest bearing securities being more sensitive to interest rate changes than shorter-term bonds.

A 1% change in market yield relating to fixed income securities would have increased or decreased fair value by approximately $64,682 (March 31, 2014 - $41,733).

Portfolio investments include fixed income securities, such as bonds, and have an average effective yield of 1.61% (2014 - 2.20%) per year maturing between 2015 and 2067. The securities have the following average maturity structure:

| | 2015 | 2014 |
|---|---|---|
| 1 – 5 years | 72% | 78% |
| 6 – 10 years | 14% | 11% |
| Over 10 years | 14% | 11% |

| | Effective Market Yield | | | Average Effective |
|---|---|---|---|---|
| Asset Class | < 1 year | 1-5 years | > 5 years | Market Yield |
| Interest bearing securities | 1.14% | 1.26% | 2.44% | 1.61% |

**(d) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fair value of cash and investments denominated in foreign currencies is translated into Canadian dollars using the reporting date exchange rate. AHS is exposed to foreign exchange fluctuations on its cash denominated in foreign currencies. At March 31, 2015 there were no investment balances denominated in foreign currency. Foreign exchange fluctuations on its cash balances are partially mitigated by futures contracts and minimal ending foreign currency cash balances. During the year the effect of these fluctuations was not significant. AHS has policies which provide management with guidance to mitigate foreign currency risk.

Foreign currency risk is managed by the fact that the investment policies limit non-Canadian equities to a maximum of 10% to 45% of the total investment portfolio, depending on the policy. At March 31, 2015, investments in non-Canadian equities represented 5.80% (March 31, 2014 – 5.40%) of total portfolio investments.

At March 31, 2015, AHS held US dollar forward contracts with Alberta Treasury Branch to mitigate its exposure to currency fluctuations relating to US dollar accounts payable. During the year AHS entered into a 12 month forward currency contract to purchase US$2,000 per month at a fixed rate of exchange. As at March 31, 2015, AHS held forward contracts for future settlement of $24,000 (2014 - $nil). The fair value of these forward contracts as at March 31, 2015 was $2,310 (2014 - $nil) and is included in portfolio investments (Note 12).

**(e) Credit Risk**

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies. All of the investment policies restrict the types and proportions of eligible investments, thus mitigating AHS' exposure to credit risk.

Accounts receivable primarily consists of amounts receivable from AH, other Alberta government reporting entities, patients, other provinces and territories, Workers' Compensation Board, and the federal government. AHS periodically reviews the collectability of its accounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts.



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**Note 10 Financial Instruments (continued)**

Under the AHS Investment Bylaw, money market securities are limited to a rating of R1 or equivalent or higher, and no more than 10% may be invested in any one issuer. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher and no more than 40% of the total fixed income securities. Investments in debt and equity of any one issuer are limited to 5% of the issuer's total debt and equity. AHS holds unrated mortgage fund investments. Short selling is not permitted.

The ACF Investment Policy limits the overall rating of all fixed income instruments to at least an A rating, and no more than 10% of publically traded equities may be invested in any one issuer.

The LPIP Investment Policy limits money market securities to a rating of R1 or equivalent or higher, and no more than 10% may be invested in any one issuer, unless guaranteed by the Government of Canada or a Canadian province. Investments in corporate bonds are limited to BBB or equivalent rated bonds or higher. Investments in debt and equity of any one issuer are limited to 10% of total equities. LPIP holds unrated mortgage fund investments.

The CHT Statement of Investment Policies and Goals limits the overall rating of fixed income securities to BBB or equivalent or higher, and no more than 10% of fixed income securities or equities may be invested in any one issuer.

The following table summarizes AHS' investment in debt securities by counterparty credit rating at March 31, 2015.

| Credit Rating | 2015 | 2014 |
|---|---|---|
| Investment Grade (AAA to BBB-) | 95% | 94% |
| Unrated | 5% | 6% |
| | 100% | 100% |

**(f) Liquidity Risk**

Liquidity risk is the risk that AHS will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. Liquidity requirements of AHS are met through funding in advance by AH, income generated from investments, and by investing in liquid assets, such as money market investments, equities, and bonds, traded in an active market that are easily sold and converted to cash.

**Note 11 Cash and Cash Equivalents**

| | 2015 | 2014 |
|---|---|---|
| Cash | $ 431,879 | $ 186,373 |
| Money market securities less than 90 days | 117,900 | 419,697 |
| Total cash and cash equivalents | $ 549,779 | $ 606,070 |

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Included in cash and cash equivalents is $9,305 (March 31, 2014 – $14,976) that is restricted for use as per the requirements in the *Insurance Act of Alberta*, based on the December 31, 2014 audited financial statements of LPIP.

Cash and cash equivalents include money market securities which are comprised of Government of Canada treasury bills maturing June 2015 and bearing interest at an average yield of 0.71% at March 31, 2015 (2014 – 0.97%).



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## Note 12 Portfolio Investments

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Fair Value | Cost | Fair Value | Cost |
| Money market securities greater than 90 days | $ 1,573 | $ 1,573 | $ 27,898 | $ 27,898 |
| Fixed income securities | 1,508,906 | 1,472,452 | 1,290,533 | 1,280,753 |
| Equities | 445,082 | 364,979 | 410,422 | 350,735 |
| Total portfolio investments | $ 1,955,561 | $ 1,839,004 | $ 1,728,853 | $ 1,659,386 |

Included in the portfolio investments is $140,422 (March 31, 2014 – $112,432) that is restricted for use as per the requirements in the *Insurance Act of Alberta*, based on the December 31, 2014 audited financial statements of LPIP.

As AHS is made up of multiple entities as described in Note 2(a), portfolio investments are governed independently under multiple investment policies and procedures. The fair value of portfolio investments governed under each investment policy is as follows:

| | 2015 | 2014 |
|---|---|---|
| AHS Investment Bylaw | $ 1,620,210 | $ 1,411,162 |
| ACF Investment Policy | 149,200 | 126,554 |
| LPIP Investment Policy | 140,422 | 112,432 |
| CHT Statement of Investment Policies and Goals | 45,729 | 78,705 |
| | $ 1,955,561 | $ 1,728,853 |

Portfolio investments are measured at fair value with the differences between cost and fair value being recorded as a remeasurement gain or loss. The following are the total net remeasurement gains/(losses) on portfolio investments:

| | 2015 | 2014 |
|---|---|---|
| Accumulated remeasurement gains | $ 38,775 | $ 24,846 |
| Restricted unrealized net gains attributable to endowments and portfolio investments related to unexpended deferred operating revenue (Note 17(b)) | 58,325 | 35,729 |
| Restricted unrealized net gains attributable to and recorded in: | | |
| Unexpended deferred capital revenue (Note 17(d)) | 10,288 | 6,236 |
| Accounts payable and accrued liabilities (Note 15) | 9,169 | 2,656 |
| | $ 116,557 | $ 69,467 |

### Fair Value Hierarchy

| | 2015 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Total |
| Equities traded in active market | $ 358,251 | $ - | $ 358,251 |
| Fixed income securities, mortgage, real estate funds, and other equities | - | 1,597,310 | 1,597,310 |
| March 31, 2015 total amount | $ 358,251 | $ 1,597,310 | $ 1,955,561 |
| Percent of total | 18% | 82% | 100% |

| | 2014 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Total |
| Equities traded in active market | $ 365,879 | $ - | $ 365,879 |
| Fixed income securities, mortgage, real estate funds, and other equities | - | 1,362,974 | 1,362,974 |
| March 31, 2014 total amount | $ 365,879 | $ 1,362,974 | $ 1,728,853 |
| Percent of total | 21% | 79% | 100% |



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## Note 13 Accounts Receivable

| | 2015 | | | 2014 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Patient accounts receivable | $ 129,118 | $ 28,528 | $ 100,590 | $ 89,178 |
| AH operating grants receivable | 44,426 | - | 44,426 | 105,668 |
| AH capital grants receivable | 1,200 | - | 1,200 | - |
| Other operating grants receivable | 28,683 | - | 28,683 | 42,337 |
| Other capital grants receivable | 85,417 | - | 85,417 | 79,357 |
| Other accounts receivable | 53,808 | 152 | 53,656 | 62,705 |
| | $ 342,652 | $ 28,680 | $ 313,972 | $ 379,245 |

Accounts receivable are unsecured and non-interest bearing. At March 31, 2014, the total allowance for doubtful accounts was $24,637.



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## Note 14 Tangible Capital Assets

| Historical cost | 2014 | Additions[a] | Transfers into (out of) work-in-progress | Disposals and write-downs[b] | 2015 |
|---|---|---|---|---|---|
| Facilities and improvements | $ 8,130,294 | $ - | $ 157,206 | $ - | $ 8,287,500 |
| Work in progress | 725,179 | 531,423 | (422,274) | - | 834,328 |
| Equipment | 2,126,628 | 100,948 | (4,435) | (37,146) | 2,185,995 |
| Information systems | 1,213,446 | 9,864 | 155,307 | (29,190) | 1,349,427 |
| Building service equipment | 446,910 | - | 92,542 | - | 539,452 |
| Land | 110,069 | - | - | - | 110,069 |
| Leased facilities and improvements | 172,196 | - | 19,670 | - | 191,866 |
| Land improvements | 67,717 | - | 1,984 | (553) | 69,148 |
| | $ 12,992,439 | $ 642,235 | $ - | $ (66,889) | $ 13,567,785 |

| Accumulated amortization | 2014 | Amortization expense | Effect of transfers | Effect of disposals and write-downs[b] | 2015 |
|---|---|---|---|---|---|
| Facilities and improvements | $ 2,717,992 | $ 237,856 | $ - | $ - | $ 2,955,848 |
| Work in progress | - | - | - | - | - |
| Equipment | 1,448,349 | 190,752 | - | (36,591) | 1,602,510 |
| Information systems | 879,342 | 150,053 | - | (28,786) | 1,000,609 |
| Building service equipment | 267,084 | 37,826 | - | - | 304,910 |
| Land | - | - | - | - | - |
| Leased facilities and improvements | 121,621 | 13,198 | - | - | 134,819 |
| Land improvements | 55,556 | 2,550 | - | (154) | 57,952 |
| | $ 5,489,944 | $ 632,235 | $ - | $ (65,531) | $ 6,056,648 |

| | Net Book Value | |
|---|---|---|
| | 2015 | 2014 |
| Facilities and improvements | $ 5,331,652 | $ 5,412,302 |
| Work in progress | 834,328 | 725,179 |
| Equipment | 583,485 | 678,279 |
| Information systems | 348,818 | 334,104 |
| Building service equipment | 234,542 | 179,826 |
| Land | 110,069 | 110,069 |
| Leased facilities and improvements | 57,047 | 50,575 |
| Land improvements | 11,196 | 12,161 |
| | $ 7,511,137 | $ 7,502,495 |



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## Note 14 Tangible Capital Assets (continued)

### (a) Transferred Tangible Capital Assets

Additions include non-cash work in progress for a total of $412,706 (2014 - $270,698).

### (b) Disposals and Write-Downs

Disposals and write-downs include disposals of $66,439 and a write-down of a facility at a cost of $450 (2014 - disposals of $107,839 and write-downs of information systems of $20,105) with an effect to accumulated amortization for disposals of $65,385 and write-downs of $146 (2014 - disposals of $106,614 and write-downs of $17,482).

### (c) Leased Land

Land at the following sites has been leased to AHS at nominal values:

| Site | Leased from | Lease expiry |
|---|---|---|
| Cross Cancer Institute Parkade | University of Alberta | 2019 |
| Evansburg Community Health Centre | Yellowhead County | 2031 |
| Two Hills Helipad | Stella Stefiuk | 2041 |
| McConnell Place North | City of Edmonton | 2044 |
| Northeast Community Health Centre | City of Edmonton | 2046 |
| Foothills Medical Centre Parkade | University of Calgary | 2054 |
| Alberta Children's Hospital | University of Calgary | 2103 |

### (d) Leased Equipment

Equipment includes assets acquired through capital leases at a cost of $17,037 (2014 - $17,499) with accumulated amortization of $12,294 (March 31, 2014 - $12,058). Equipment additions for the year ended March 31, 2015 include a net decrease of $205 related to vehicle capital leases (2014 – net decrease of $6,398).

## Note 15 Accounts Payable and Accrued Liabilities

| | 2015 | 2014 |
|---|---|---|
| Payroll remittances payable and accrued liabilities | $ 680,324 | $ 597,282 |
| Trade accounts payable and accrued liabilities[a] | 385,667 | 439,867 |
| Provision for unpaid claims[b] | 138,525 | 115,968 |
| Other liabilities | 42,648 | 39,243 |
| | 1,247,164 | 1,192,360 |
| Unrealized net gains on portfolio investments related to accounts payable and accrued liabilities (Note 12) | 9,169 | 2,656 |
| | $ 1,256,333 | $ 1,195,016 |

### (a) Trade Accounts Payable and Accrued Liabilities

Trade accounts payable and accrued liabilities includes payables related to the purchase of tangible capital assets of $62,923 (2014 - $93,489).

### (b) Provision for Unpaid Claims

Provision for unpaid claims represents the losses from identified claims likely to be paid and provisions for liabilities incurred but not yet reported.

The provision has been estimated using the discounted value of claim liabilities using a discount rate of 2.15% (2014 - 2.50%) plus a provision for adverse deviation, based on actuarial estimation.



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## Note 16 Employee Future Benefits

| | 2015 | 2014 |
|---|---|---|
| Accrued vacation pay | $ 493,845 | $ 458,513 |
| Accumulating non-vesting sick leave liability[a] | 100,758 | 96,019 |
| Registered defined benefit pension plans[b][c] | - | - |
| | $ 594,603 | $ 554,532 |

### (a) Accumulating Non-Vesting Sick Leave Liability

Sick leave benefits are paid by AHS; there are no employee contributions and no plan assets.

The AHS sick leave liability is based on an actuarial valuation as at March 31, 2015. The AHS sick leave liability for the year ended March 31, 2014 is based on an extrapolated actuarial valuation as at March 31, 2011.

The following table summarizes the accumulating non-vesting sick leave liability.

| | 2015 | 2014 |
|---|---|---|
| **Change in accrued benefit obligation and funded status** | | |
| Accrued benefit obligation and funded status, beginning of year | $ 97,132 | $ 99,465 |
| Current service cost | 8,884 | 8,408 |
| Interest cost | 3,871 | 3,430 |
| Plan amendments | - | 287 |
| Benefits paid | (8,243) | (7,898) |
| Actuarial (gain) loss | 13,335 | (6,560) |
| Accrued benefit obligation and funded status, end of year | $ 114,979 | $ 97,132 |
| **Reconciliation to accrued benefit liability** | | |
| Funded status - deficit | $ 114,979 | $ 97,132 |
| Unamortized net actuarial loss | (14,221) | (1,113) |
| Accrued benefit liability | $ 100,758 | $ 96,019 |
| **Components of expense** | | |
| Current service cost | $ 8,884 | $ 8,408 |
| Interest cost | 3,871 | 3,430 |
| Amortization of net actuarial loss | 227 | 776 |
| Recognition of past service costs | - | 287 |
| Net expense | $ 12,982 | $ 12,901 |
| **Assumptions** | | |
| Discount rate – beginning of year | 3.80% | 3.30% |
| Discount rate – end of year | 2.90% | 3.80% |
| Rate of compensation increase per year | 2014-2015 | 2013-2014 |
| | 0.25% | 3.25% |
| | 2015-2016 | 2014-2015 |
| | 3.21% | 0.25% |
| | Thereafter 3.25% | Thereafter 3.25% |



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**Note 16 Employee Future Benefits (continued)**

**(b) Local Authorities Pension Plan (LAPP)**

(i) AHS Participation in the LAPP

The majority of AHS employees participate in the LAPP. AHS is not responsible for future funding of the plan deficit other than through contribution increases. As AHS is exposed to the risk of contribution rate increases, the following disclosure is provided to explain this risk.

The LAPP provides for a pension of 1.4% for each year of pensionable service based on the average salary of the highest five consecutive years up to the average Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) over the same five consecutive year period and 2.0% on the excess, subject to the maximum pension benefit limit allowed under the *Income Tax Act* (Canada). The maximum pensionable service allowable under the plan is 35 years.

The contribution rates were reviewed by the LAPP Board of Trustees in 2014 and are to be reviewed at least once every three years based on a report prepared by LAPP's actuary. AHS and its employees made the following contributions:

| Calendar 2014 | | Calendar 2013 | |
|---|---|---|---|
| Employer | Employees | Employer | Employees |
| $541,683 | $500,179 | $483,270 | $442,720 |
| 11.39% of pensionable earnings up to the YMPE and 15.84% of the excess | 10.39% of pensionable earnings up to the YMPE and 14.84% of the excess | 10.43% of pensionable earnings up to the YMPE and 14.47% of the excess | 9.43% of pensionable earnings up to the YMPE and 13.47% of the excess |

AHS contributed $541,683 (2013 - $483,270) of the LAPP's total employer contributions of $1,227,346 from January 1, 2014 to December 31, 2014 (December 31, 2013 - $1,076,067).

(ii) LAPP Deficit

An actuarial valuation of the LAPP was carried out as at December 31, 2013 by Mercer (Canada) Limited and these results were then extrapolated to December 31, 2014 for use in the LAPP 2014 audited financial statements. LAPP's net assets available for benefits divided by LAPP's pension obligation shows that the LAPP is 93% (2013 - 85%) funded.

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| LAPP net assets available for benefits | $ 30,790,364 | $ 26,550,184 |
| LAPP pension obligation | 33,245,000 | 31,411,700 |
| LAPP deficiency | $ (2,454,636) | $ (4,861,516) |

The 2015 and 2016 LAPP contribution rates are as follows:

| Calendar 2016 (estimated)[i] | | Calendar 2015 | |
|---|---|---|---|
| Employer | Employees | Employer | Employees |
| 11.39% of pensionable earnings up to the YMPE and 15.84% of the excess | 10.39% of pensionable earnings up to the YMPE and 14.84% of the excess | 11.39% of pensionable earnings up to the YMPE and 15.84% of the excess | 10.39% of pensionable earnings up to the YMPE and 14.84% of the excess |

i) The 2016 LAPP contribution rates are estimates and subject to change.



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**Note 16 Employee Future Benefits (continued)**

**(c) Management Employees Pension Plan (MEPP)**

At December 31, 2014 the MEPP reported a surplus of $75,805 (December 31, 2013 - surplus of $50,457).

**(d) Supplemental Executive Retirement Plans (SERPs)**

The obligations and costs of SERPs benefits are based on an actuarial valuation as at March 31, 2015.

As at March 31, 2015 an accrued benefit liability of $1,713 is included in accounts payable and accrued liabilities (March 31, 2014 - $1,242).

AHS sponsors SERPs which are funded and has three RCAs for these plans. Under the terms of the SERPs, participants will receive retirement benefits that supplement the benefits under AHS' registered plans that are limited by the *Income Tax Act* (Canada). As required under the plans' terms, any unfunded obligations identified in the actuarial valuation completed at the end of each fiscal year must be fully funded within 61 days. Based on the most recent actuarial valuation for the purpose of establishing the minimum funding contribution, the SERPs are fully funded as at March 31, 2015.

| | 2015 | 2014 |
|---|---|---|
| **Change in accrued benefit obligation** | | |
| Accrued benefit obligation, beginning of year | $ 43,430 | $ 44,709 |
| Current service cost | - | 133 |
| Interest cost | 1,183 | 1,201 |
| Benefit payments | (2,683) | (3,926) |
| Actuarial losses | 40 | 1,313 |
| Accrued benefit obligation, end of year | $ 41,970 | $ 43,430 |
| **Change in plan assets** | | |
| Market value of plan assets, beginning of year | $ 41,280 | $ 43,582 |
| Actual return on plan assets | 1,979 | 1,571 |
| Actual employer contributions | 493 | 53 |
| Benefit payments | (2,683) | (3,926) |
| Fair value of plan assets, end of year | $ 41,069 | $ 41,280 |
| **Reconciliation of funded status to accrued benefit asset (liability)** | | |
| Funded status of the plan | $ (901) | $ (2,150) |
| Unamortized net actuarial loss (gains) | (812) | 908 |
| Accrued benefit liability, end of year | $ (1,713) | $ (1,242) |

A portion of SERP is secured by a letter of credit held by the trustee and a refundable tax balance held by the federal government. The required amount of the letter of credit during the year was $3,100 (2014 - $2,973).



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**Note 16 Employee Future Benefits (continued)**

Net actuarial gains or losses are amortized over a period of one year.

| | 2015 | 2014 |
|---|---|---|
| **Determination of net benefit cost** | | |
| Current period benefit cost | $ - | $ 133 |
| Amortization of actuarial losses (gains) | 908 | (508) |
| Interest cost on the accrued benefit obligation | 1,183 | 1,201 |
| Expected return on plan assets | (1,127) | (1,166) |
| Net benefit cost | $ 964 | $ (340) |
| Change in actuarial assumption for discount rate | $ - | $ - |
| **Members** | | |
| Active | 35 | 35 |
| Retired and terminated | 59 | 59 |
| Total members | 94 | 94 |
| **Assumptions** | | |
| Weighted average discount rate to determine year end obligations | 2.70% | 2.80% |
| Weighted average discount rate to determine net benefit costs | 2.80% | 2.75% |
| Expected return on assets | 2.80% | 2.75% |
| Expected average remaining service life time | 1 | 1 |
| Rate of compensation increase per year | 2014-2015 | 2013-2014 |
| | 0.00% | 0.00% |
| | Thereafter | Thereafter |
| | 0.00% | 0.00% |

**(e) Pension expense**

| | 2015 | 2014 |
|---|---|---|
| Local Authorities Pension Plan | $ 547,676 | $ 498,110 |
| Defined contribution pension plans and group RRSPs | 45,575 | 44,930 |
| Supplemental Pension Plan | 2,795 | 1,866 |
| Supplemental Executive Retirement Plans | 964 | (340) |
| Management Employees Pension Plan | 691 | 631 |
| | $ 597,701 | $ 545,197 |



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## Note 17 Deferred Revenue

| | 2015 | 2014 |
|---|---|---|
| Unexpended deferred operating revenue[a][b] | $ 491,254 | $ 499,231 |
| Unexpended deferred capital revenue[c][d] | 178,078 | 229,855 |
| Expended deferred capital revenue[e] | 6,363,699 | 6,276,469 |
| | $ 7,033,031 | $ 7,005,555 |

**(a)** Unexpended deferred operating revenue represents unspent resources with stipulations or external restrictions related to operating expenditures. Changes in the unexpended deferred operating revenue balance are as follows:

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | AH | Other government[f] | Donors and non-government | Total | Total |
| Balance, beginning of year | $ 209,658 | $ 41,758 | $ 247,815 | $ 499,231 | $ 483,953 |
| Received or receivable during the year, net of repayments | 1,347,230 | 40,085 | 132,286 | 1,519,601 | 1,426,091 |
| Restricted investment income | 328 | 2,364 | 4,648 | 7,340 | 6,273 |
| Transferred from (to) unexpended deferred capital revenue | 20,900 | 24,809 | (1,792) | 43,917 | 44,824 |
| Recognized as revenue from funder | (1,378,438) | (82,578) | (113,722) | (1,574,738) | (1,453,007) |
| Recognized as revenue from other sources | (379) | (36) | (26,278) | (26,693) | (27,786) |
| | 199,299 | 26,402 | 242,957 | 468,658 | 480,348 |
| Changes in unrealized net gain attributable to endowments and portfolio investments related to unexpended deferred operating revenue | 4,428 | 975 | 17,193 | 22,596 | 18,883 |
| Balance, end of year | $ 203,727 | $ 27,377 | $ 260,150 | $ 491,254 | $ 499,231 |

[f] The balance at March 31, 2015 for other government includes $973 of unexpended deferred operating revenue received from the federal government (March 31, 2014 - $1,213). The remaining balance all relates to the GOA, see Note 22.



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**Note 17 Deferred Revenue (continued)**

**(b)** The unexpended deferred operating revenue balance at the end of the year is stipulated or externally restricted for the following purposes:

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | AH | Other government | Donors and non-government | Total | Total |
| Research and education | $ 509 | $ 3,135 | $ 118,475 | $ 122,119 | $ 124,276 |
| Cancer prevention, screening and treatment | 30,143 | 81 | 56,352 | 86,576 | 87,034 |
| Primary Care Networks | 71,152 | - | 78 | 71,230 | 64,179 |
| Promotion, prevention and community | 22,330 | 1,121 | 3,016 | 26,467 | 32,607 |
| Physician revenue and alternate relationship plans | 21,663 | 913 | - | 22,576 | 34,324 |
| Addiction and mental health | 18,865 | 1,179 | 5 | 20,049 | 24,558 |
| Long term care partnerships | - | 13,230 | - | 13,230 | 10,800 |
| Information technology | 11,432 | 130 | 177 | 11,739 | 4,270 |
| Continuing care and seniors health | 7,282 | 1,224 | 1,513 | 10,019 | 11,436 |
| Administration and support services | 1,458 | 1,787 | 3,631 | 6,876 | 11,428 |
| Inpatient acute nursing services | 262 | 72 | 3,184 | 3,518 | 12,060 |
| Others less than $10,000 | 8,554 | 2,246 | 27,730 | 38,530 | 46,530 |
| | 193,650 | 25,118 | 214,161 | 432,929 | 463,502 |
| Unrealized net gain attributable to endowments and portfolio investments related to unexpended deferred operating revenue (Note 12) | 10,077 | 2,259 | 45,989 | 58,325 | 35,729 |
| | $ 203,727 | $ 27,377 | $ 260,150 | $ 491,254 | $ 499,231 |



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**Note 17 Deferred Revenue (continued)**

**(c)** Unexpended deferred capital revenue represents unspent resources with stipulations or external restrictions related to the purchase of tangible capital assets. Changes in the unexpended deferred capital revenue balance are as follows:

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | AH | Other government[(i)] | Donors and non-government | Total | Total |
| Balance, beginning of year | $ 118,444 | $ 38,968 | $ 72,443 | $ 229,855 | $ 240,358 |
| Received or receivable during the year | 13,272 | 24,947 | 65,778 | 103,997 | 184,880 |
| Transferred tangible capital assets (Note 14(a)) | - | 412,623 | 83 | 412,706 | 270,698 |
| Restricted investment income | 240 | - | - | 240 | 147 |
| Unexpended deferred capital revenue returned | (308) | - | (13,811) | (14,119) | (7,957) |
| Transfer to expended deferred capital revenue | (35,081) | (442,241) | (37,414) | (514,736) | (414,298) |
| Transferred (to) from unexpended deferred operating revenue | (20,900) | (24,809) | 1,792 | (43,917) | (44,824) |
| Used for the acquisition of land | - | - | - | - | (1,224) |
| | 75,667 | 9,488 | 88,871 | 174,026 | 227,780 |
| Changes in unrealized net gain on portfolio investments related to unexpended deferred capital revenue | 2,199 | 350 | 1,503 | 4,052 | 2,075 |
| Balance, end of year | $ 77,866 | $ 9,838 | $ 90,374 | $ 178,078 | $ 229,855 |

[(i)] All balances relate to the GOA, see Note 22.



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**Note 17 Deferred Revenue (continued)**

**(d)** The unexpended deferred capital revenue balance at the end of the year is stipulated or externally restricted for the following purposes:

| | 2015 | 2014 |
|---|---|---|
| AH | | |
| Information systems: | | |
| Diagnostic Imaging Upgrade Project | $ 8,698 | $ 10,040 |
| Regional Shared Health Information Program | 4,766 | 6,297 |
| Access to Health Service Information Management / Information Technology | 3,311 | 9,808 |
| Provincial Health Information Exchange | 3,011 | 7,910 |
| Information systems less than $10,000 | 32,801 | 46,182 |
| | 52,587 | 80,237 |
| Medical Equipment Replacement Upgrade Program | 11,707 | 22,650 |
| Equipment less than $10,000 | 7,477 | 11,061 |
| Total AH | 71,771 | 113,948 |
| Other government | | |
| Facilities and improvements: | | |
| Infrastructure maintenance projects | - | 25,197 |
| Facilities and improvements less than $10,000 | 8,371 | 12,654 |
| Total other government | 8,371 | 37,851 |
| Donors and non-government | | |
| Equipment less than $10,000 | 86,995 | 59,159 |
| Facilities and improvements less than $10,000 | 653 | 12,661 |
| Total donors and non-government | 87,648 | 71,820 |
| Unrealized net gain on portfolio investments related to unexpended deferred capital revenue (Note 12) | 10,288 | 6,236 |
| | $ 178,078 | $ 229,855 |

**(e)** Expended deferred capital revenue represents external resources spent in the acquisition of tangible capital assets, stipulated for use in the provision of services over their useful lives. Revenue is recognized over the useful life of the assets. Changes in the expended deferred capital revenue balance are as follows:

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | AH | Other government[1] | Donors and non-government | Total | Total |
| Balance, beginning of year | $ 407,657 | $ 5,678,020 | $ 190,792 | $ 6,276,469 | $ 6,235,264 |
| Transferred from unexpended deferred capital revenue | 35,081 | 442,241 | 37,414 | 514,736 | 414,298 |
| Used for the acquisition of land | - | - | - | - | 1,224 |
| Less: amounts recognized as revenue | (92,907) | (285,261) | (49,338) | (427,506) | (374,317) |
| Balance, end of year | $ 349,831 | $ 5,835,000 | $ 178,868 | $ 6,363,699 | $ 6,276,469 |

[1] All balances relate to the GOA, see Note 22.



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## Note 18 Debt

| | 2015 | 2014 |
|---|---|---|
| Debentures payable[(a)]: | | |
| Parkade loan #1 | $ 37,469 | $ 39,925 |
| Parkade loan #2 | 34,639 | 36,681 |
| Parkade loan #3 | 43,664 | 45,790 |
| Parkade loan #4 | 160,585 | 166,778 |
| Parkade loan #5 | 38,737 | 40,207 |
| Parkade loan #6 | 5,000 | - |
| Obligation under leased tangible capital assets[(b)] | 17,562 | 19,002 |
| Other | 1,741 | 1,985 |
| | $ 339,397 | $ 350,368 |

**(a)** AHS issued debentures to Alberta Capital Financing Authority (ACFA), a related party, to finance the construction of parkades. AHS has pledged revenue derived directly or indirectly from the operations of all parking facilities being built, renovated, owned, and operated by AHS as security for these debentures.

The maturity dates and interest rates for the debentures are as follows:

| | Maturity Date | Fixed Interest Rate |
|---|---|---|
| Parkade loan #1 | September 2026 | 4.4025% |
| Parkade loan #2 | September 2027 | 4.3870% |
| Parkade loan #3 | March 2029 | 4.9150% |
| Parkade loan #4 | September 2031 | 4.9250% |
| Parkade loan #5 | June 2032 | 4.2280% |
| Parkade loan #6 | December 2035 | 3.6090% |

At March 31, 2015, $5,000 of $25,300 has been advanced to AHS relating to the Parkade loan #6 debenture with the remainder to be drawn by December 16, 2015. Semi-annual principal and interest payments of $893 will commence June 16, 2016. See Note 21 for future payments relating to the remaining advances of this loan.

**(b)** The leased tangible capital assets include a site lease with the University of Calgary and vehicle leases.

The University of Calgary lease expires January 2028. The implicit interest rate payable on this lease is 6.50% (2014 - 6.50%). There are no renewal options, purchase options or escalation clauses related to this leased tangible capital asset.

AHS is contractually committed to future capital lease payments for vehicles until 2020. The implicit interest rate payable on these leases is 1.60% (2014 - 2.08%).

**(c)** As at March 31, 2015 AHS holds a $220,000 (March 31, 2014 - $220,000) revolving demand facility with a Canadian chartered bank which may be used for operating purposes. Draws on the facility bear interest at the bank's prime rate less 0.50% per annum. As at March 31, 2015, AHS has $nil (March 31, 2014 - $nil) draws against this facility.

AHS also holds a $33,000 (March 31, 2014 - $33,000) revolving demand letter of credit facility which may be used to secure AHS' obligations to third parties relating to construction projects. At March 31, 2015, AHS has $3,100 (March 31, 2014 - $3,310) in letters of credit outstanding against this facility.



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**Note 18 Debt (continued)**

AHS is committed to making payments as follows:

| Year ended March 31 | Debentures Payable, Term/Other Loan and Mortgages Payable<br>Principal payments | Leased Tangible Capital Assets<br>Minimum lease payments |
|---|---|---|
| 2016 | $ 15,221 | $ 3,824 |
| 2017 | 15,942 | 2,475 |
| 2018 | 16,698 | 2,099 |
| 2019 | 17,490 | 1,842 |
| 2020 | 18,319 | 1,727 |
| Thereafter | 238,165 | 12,329 |
| | $ 321,835 | 24,296 |
| Less: interest | | (6,734) |
| | | $ 17,562 |

During the year, the amount of interest expensed was $16,253 (2014 - $16,984), of which loan interest was $15,366 (2014 - $16,054) and other interest charges were $887 (2014 - $930).

**Note 19 Accumulated Surplus**

Accumulated surplus is comprised of the following:

| | Unrestricted net assets [(a)] | Reserves for future purposes [(b)] | Net assets invested in tangible capital assets [(c)] | Accumulated surplus |
|---|---|---|---|---|
| Balance as at April 1, 2014 | $ 266,295 | $ 87,269 | $ 880,241 | $ 1,233,805 |
| Operating deficit | (2,504) | - | - | (2,504) |
| Tangible capital assets purchased with internal funds | (113,974) | - | 113,974 | - |
| Amortization of internally funded tangible capital assets | 206,087 | - | (206,087) | - |
| Repayment of debt used to fund tangible capital assets | (15,764) | - | 15,764 | - |
| Net receipt of life lease deposits | (192) | - | 192 | - |
| Transfer of reserves for future purposes | (67,631) | 67,631 | - | - |
| Balance as at March 31, 2015 | $ 272,317 | $ 154,900 | $ 804,084 | $ 1,231,301 |

**(a) Unrestricted Net Assets**

Unrestricted net assets represents the portion of accumulated surplus that has not already been invested in tangible capital assets or reserved for future purposes.



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## Note 19 Accumulated Surplus (continued)

### (b) Reserves for Future Purposes

The Official Administrator has approved the restriction of net assets for future purposes as follows:

| | 2015 | 2014 |
|---|---|---|
| Parkade infrastructure reserve [(i)] | $ 60,920 | $ 50,325 |
| Provincial Clinical Information Systems Initiative [(ii)] | 32,000 | - |
| Insurance equity requirements [(iii)] | 20,012 | - |
| Cancer research reserve [(iv)] | 16,079 | 15,596 |
| Specific local initiatives reserve [(v)] | 15,205 | 14,142 |
| Future capital purposes [(vi)] | 10,000 | - |
| Retail food services infrastructure reserve [(vii)] | 684 | 569 |
| South Health Campus [(viii)] | - | 6,637 |
| Reserves for future purposes | $ 154,900 | $ 87,269 |

(i) Restriction of parking services surpluses to establish a parking infrastructure reserve for future major maintenance, upgrades, and construction.
(ii) Restriction of operating net assets related to fund the Provincial Clinical Information Systems Initiative.
(iii) Restriction of operating net assets related to the minimum required equity of the LPIP.
(iv) Restriction of operating net assets to fund cancer research.
(v) Restriction of operating net assets for specific local initiatives as a result of local fundraising.
(vi) Restriction of operating net assets related to future capital purposes.
(vii) Restriction of retail food services surplus to assist with future upgrades, maintenance, equipment, and construction costs for retail food service operations.
(viii) Restriction of operating net assets to assist with funding startup costs for South Health Campus in Calgary.

### (c) Net Assets Invested in Tangible Capital Assets

The restriction of net assets is equal to the net book value of internally funded tangible capital assets as these net assets are not available for any other purpose.

## Note 20 Endowments

| | 2015 | 2014 |
|---|---|---|
| Balance, beginning of year | $ 68,796 | $ 65,207 |
| Endowment contributions | 3,585 | 3,589 |
| Balance, end of year | $ 72,381 | $ 68,796 |

## Note 21 Contractual Obligations and Contingent Liabilities

Contractual obligations are AHS' obligations to others that will become liabilities in the future when the terms of current or existing contracts or agreements are met.



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**Note 21 Contractual Obligations and Contingent Liabilities (continued)**

**(a) Leases**

(i) Operating leases:

AHS is contractually committed to future operating lease payments for premises as follows:

| Year ended March 31 | | Total lease payments |
|---|---|---|
| 2016 | $ | 53,414 |
| 2017 | | 48,635 |
| 2018 | | 41,376 |
| 2019 | | 26,287 |
| 2020 | | 19,884 |
| Thereafter | | 64,917 |
| | $ | 254,513 |

(ii) Capital leases:

During the year, AHS entered into a new premises lease with a lease term of 20 years, and an option to renew for two terms of 5 years each. The premises will be ready to occupy in October 2015 at monthly rate of $90 and includes escalation clauses.

The future payments relating to the new lease are as follows:

| Year ended March 31 | | Minimum lease payments |
|---|---|---|
| 2016 | $ | 568 |
| 2017 | | 1,107 |
| 2018 | | 1,069 |
| 2019 | | 1,033 |
| 2020 | | 998 |
| Thereafter | | 12,591 |
| | $ | 17,366 |

**(b) Debentures payable**

The future payments relating to remaining advances of $20,300 for Parkade loan #6 (Note 18) are as follows:

| Year ended March 31 | | Principal payments |
|---|---|---|
| 2016 | $ | - |
| 2017 | | 882 |
| 2018 | | 914 |
| 2019 | | 947 |
| 2020 | | 982 |
| Thereafter | | 16,575 |
| | $ | 20,300 |



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## Note 21 Contractual Obligations and Contingent Liabilities (continued)

### (c) Tangible Capital Assets

AHS has the following outstanding contractual commitments for purchases of tangible capital assets:

| | | 2015 |
|---|---|---|
| Facilities and improvements | $ | 87,244 |
| Equipment | | 40,150 |
| Information systems | | 7,289 |
| | $ | 134,683 |

AI also records contractual commitments for the purchase of tangible capital assets for AHS. The commitments disclosed above do not include the commitments of AI for the construction of AHS facilities.

### (d) Contracted Health Service Providers

AHS contracts on an ongoing basis with voluntary and private health service providers to provide health services in Alberta as disclosed in Note 9. AHS has contracted for services in the year ending March 31, 2016 similar to those provided by these providers in 2014-15.

### (e) Contingent Liabilities

AHS is subject to legal claims during its normal course of business. AHS records a liability when the assessment of a claim indicates that a future event is likely to confirm that an asset had been impaired or a liability incurred at the date of the financial statements and the amount of the contingent loss can be reasonably estimated.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2015, accruals have been recorded as part of the provision for unpaid claims (Note 15). Included in this accrual are claims in which AHS has been jointly named with the Minister. The accrual provided for these claims under the provision for unpaid claims represents AHS' portion of the liability.

AHS has been named in 182 legal claims (2014 - 204 claims) related to conditions in existence at March 31, 2015 where the occurrence of a future event confirming a contingent loss is not reasonably determinable. Of these, 160 claims have $283,332 in specified amounts and 22 have no specified amounts (2014 - 172 claims with $321,813 of specified claims and 32 claims with no specified amounts). The resolution of indeterminable claims may result in a liability, if any, that may be different than the claimed amount.

AHS has been named as a co-defendant, along with the GOA, in a certified Class Action (the Claim) arising from increases to long-term accommodation charges implemented by Alberta Government regulations enacted on and after August 1, 2003, and paid by residents of long-term care facilities. The amount of the Claim has not yet been specified.

## Note 22 Related Parties

Transactions with the following related parties are considered to be in the normal course of operations. Amounts due to or from the related parties and the recorded amounts of the transactions are included within these consolidated financial statements, unless otherwise stated.

The Minister controls AHS through the appointment of the Official Administrator. The viability of AHS' operations depends on transfers from the Ministry. Transactions between AHS and AH are reported and disclosed in the Consolidated Statement of Operations, the Consolidated Statement of Financial Position, and the Notes to the Consolidated Financial Statements, and are therefore excluded from the table below.

Related parties also include key management personnel of AHS. Related party transactions with key management personnel primarily consist of compensation related payments to employees and senior management and are considered to be in normal course of business. No other material related party transactions were identified for the year ended March 31, 2015.



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**Note 22 Related Parties (continued)**

AHS shares a common relationship and is considered to be a related party with those entities consolidated or included on a modified equity basis in the GOA consolidated financial statements. Transactions in the normal course of operations between AHS and the other ministries are recorded at their exchange amount as follows:

| | Revenue [i] | | Expenses | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Ministry of Innovation and Advanced Education [ii] | $ 61,789 | $ 60,969 | $ 131,866 | $ 125,350 |
| Ministry of Infrastructure [iii] | 339,484 | 312,294 | 309,762 | 278,441 |
| Other ministries [iv] | 56,978 | 44,909 | 34,091 | 32,137 |
| Total for the year | $ 458,251 | $ 418,172 | $ 475,719 | $ 435,928 |

| | Receivable from | | Payable to | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Ministry of Innovation and Advanced Education [ii] | $ 8,014 | $ 9,756 | $ 18,204 | $ 19,196 |
| Ministry of Infrastructure [iii] | 9,370 | 22,234 | 88 | 975 |
| Other ministries [iv] | 13,764 | 27,673 | 325,010 | 332,938 |
| Balance, end of year | $ 31,148 | $ 59,663 | $ 343,302 | $ 353,109 |

(i) Revenues with the GOA ministries include other government transfers of $414,442 (2014 - $378,622), (Note 4) and other income of $43,809 (2014 - $39,550), (Note 6).

(ii) Most of AHS transactions with the Ministry of Innovation and Advanced Education relate to initiatives with the University of Alberta and the University of Calgary. These initiatives include teaching, research, and program delivery. A number of physicians are employed by either AHS or the universities but perform services for both. Due to proximity of locations, some initiatives result in sharing physical space and support services. The revenue and expense transactions are a result of grants provided from one to the other and recoveries of shared costs.

(iii) The transactions with the Ministry of Infrastructure relate to the construction and funding of tangible capital assets. These transactions include operating transfers of $31,093 (2014 - $34,188) and capital transfers recognized of $285,261 (2014 - $254,331) relating to tangible capital assets with stipulations or external restrictions to utilize over their remaining useful lives, (Note 4).

Transactions with AI also include the transfer of non-cash work-in-progress of $412,623 (2014 - $270,569) included in total amounts disclosed in Note 14(a).

(iv) The payable transactions with other ministries include the debt payable to ACFA (Note 18(a)).

At March 31, 2015 AHS has recorded deferred revenue from other ministries within the GOA, excluding AH, of $26,404 (March 31, 2014 - $40,545) related to unexpended deferred operating revenue, $9,838 (March 31, 2014 - $38,968) related to unexpended deferred capital revenue and $5,835,000 (March 31, 2014 - $5,678,020) related to expended deferred capital revenue. See Note 17.

Outstanding contingencies in which AHS has been jointly named with other government entities within the GOA are disclosed in Note 21.



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## Note 23 Government Partnerships

The following is 100% of the financial position and results of operations for AHS' government partnerships with PCNs, NACTRC and HUTV.

| | 2015 | 2014 |
|---|---|---|
| Total assets | $ 160,437 | $ 144,819 |
| Total liabilities | 160,437 | 144,819 |
| Net assets | $ - | $ - |
| | | |
| Total revenue | $ 201,229 | $ 176,398 |
| Total expenses | 201,229 | 176,398 |
| Net operating surplus | $ - | $ - |

AHS has proportionately consolidated 50% of the results of the PCNs and NACTRC, and 30% of HUTV.

As required by AH, PCNs can only use accumulated surpluses based on approved surplus utilization; therefore, AHS' proportionate share of these surpluses has been recorded by AHS as deferred revenue.

## Note 24 Health Benefit Trust of Alberta (HBTA)

AHS is one of more than 30 participants in the HBTA and has a majority of representation on the HBTA governance board. The HBTA is a formal health and welfare trust established under a Trust Agreement effective January 1, 2000. The HBTA provides health and other related employee benefits pursuant to the authorizing Trust Agreement.

Under the terms of the Trust Agreement, no participating employer or eligible employee shall have any right to any surplus or assets of the Trust nor shall they be responsible for any deficits or liabilities of the Trust.

The HBTA maintains various reserves to adequately provide for all current obligations and reported fund balances of $116,453 as at December 31, 2014 (December 31, 2013 - $102,201). AHS has included in prepaid expenses $85,593 (March 31, 2014 - $74,351) as a share of the HBTA's fund balances representing in substance a prepayment of future contributions. These consolidated financial statements do not include the HBTA other than the premiums paid by AHS. For the period January 1 to December 31, 2014 AHS paid premiums of $290,440 (2013 - $280,586).

## Note 25 Trust Funds

AHS receives funds in trust for research and development, education, and other programs. These amounts are held and administered on behalf of others in accordance with the terms and conditions embodied in the relevant agreements with no unilateral power to change the conditions set out in the trust indenture (or agreement) and therefore are not reported in these consolidated financial statements. As at March 31, 2015, the balance of funds held in trust by AHS for research and development is $8,499 (March 31, 2014 - $8,033).

AHS also receives funds in trust from continuing care residents for personal expenses. These amounts are not included above and not consolidated in these financial statements.

## Note 26 Corresponding Amounts

Certain 2014 amounts have been reclassified to conform to 2015 presentation.

## Note 27 Approval of Consolidated Financial Statements

Upon recommendation by the Audit & Risk Committee, the consolidated financial statements were approved by the Official Administrator on June 4, 2015.



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## SCHEDULE 1 - CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
## YEAR ENDED MARCH 31

| | 2015 | | 2014 |
|---|---|---|---|
| | Budget (Note 3) | Actual | Actual (Note 26) |
| Salaries and benefits (Schedule 2) | $ 7,348,000 | $ 7,531,854 | $ 7,049,361 |
| Contracts with health service providers (Note 9) | 2,354,000 | 2,375,811 | 2,258,042 |
| Contracts under the Health Care Protection Act | 18,000 | 19,141 | 18,918 |
| Drugs and gases | 428,000 | 411,672 | 400,792 |
| Medical and surgical supplies | 404,000 | 403,626 | 390,647 |
| Other contracted services | 1,152,000 | 1,137,794 | 1,089,891 |
| Other [a] | 1,308,000 | 1,286,789 | 1,260,774 |
| Amortization, disposals and write-downs (Note 14) | 556,000 | 633,593 | 564,926 |
| | $ 13,568,000 | $ 13,800,280 | $ 13,033,351 |
| (a) Significant amounts included in Other are: | | | |
| Equipment expense | | $ 181,131 | $ 173,960 |
| Other clinical supplies | | 141,884 | 141,464 |
| Building rent | | 124,291 | 118,495 |
| Utilities | | 118,766 | 125,454 |
| Housekeeping, laundry and linen, plant maintenance and biomedical engineering supplies | | 89,418 | 88,951 |
| Building and ground expenses | | 86,388 | 88,991 |
| Food and dietary supplies | | 76,144 | 70,679 |
| Office supplies | | 62,450 | 58,894 |
| Fundraising and grants awarded | | 58,815 | 45,404 |
| Minor equipment purchases | | 57,484 | 78,997 |
| Insurance | | 48,589 | 34,323 |
| Telecommunications | | 44,945 | 45,446 |
| Travel | | 43,131 | 39,337 |
| Licenses, fees and memberships | | 25,434 | 19,541 |
| Education | | 16,026 | 12,558 |
| Other | | 111,893 | 118,280 |
| | | $ 1,286,789 | $ 1,260,774 |



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## SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
## FOR THE YEAR ENDED MARCH 31, 2015

| | 2015 | | | | | | | | 2014 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Severance and Termination Benefits [e] | | | | |
| | FTE [a] | Base Salary [b] | Other Cash Benefits [c] | Other Non-Cash Benefits [d] | Subtotal | Number of Individuals | Amount | Total | FTE [a] | Total |
| Total Official Administrator/Advisory Committees (Sub-Schedule 2A) | 8.72 | $ 545 | $ 191 | $ - | $ 736 | - | $ - | $ 736 | 3.59 | $ 589 |
| Total Former Board | - | - | - | - | - | - | - | - | 2.92 | 126 |
| Total Executive (Sub-Schedule 2B) | 14.57 | 5,130 | 246 | 1,049 | 6,425 | 1 | 196 | 6,621 | 15.82 | 9,984 |
| Management Reporting to CEO Direct Reports | 56.27 | 13,468 | 128 | 2,527 | 16,123 | - | - | 16,123 | 30.95 | 11,329 |
| Other Management | 3,303.18 | 388,924 | 2,685 | 84,061 | 475,670 | 24 | 1,160 | 476,830 | 3,249.68 | 471,006 |
| Medical Doctors not included above [f] | 165.56 | 50,135 | 187 | 3,387 | 53,709 | 1 | 293 | 54,002 | 164.03 | 53,784 |
| Regulated nurses not included above: | | | | | | | | | | |
| RNs, Reg. Psych. Nurses, Grad Nurses | 18,553.48 | 1,661,730 | 304,110 | 369,355 | 2,335,195 | 8 | 344 | 2,335,539 | 18,082.40 | 2,166,883 |
| LPNs | 4,212.33 | 267,698 | 34,976 | 58,823 | 361,497 | 1 | 50 | 361,547 | 3,940.43 | 325,988 |
| Other Health Technical & Professionals | 15,530.56 | 1,325,776 | 104,206 | 311,913 | 1,741,895 | 21 | 662 | 1,742,557 | 14,859.70 | 1,631,285 |
| Unregulated Health Service Providers | 7,406.48 | 364,239 | 48,712 | 83,401 | 496,352 | 3 | 80 | 496,432 | 7,122.45 | 459,152 |
| Other Staff | 26,703.37 | 1,576,563 | 102,750 | 360,864 | 2,040,177 | 63 | 1,290 | 2,041,467 | 25,894.06 | 1,919,235 |
| **Total** | 75,954.52 | $ 5,654,208 | $ 598,191 | $ 1,275,380 | $ 7,527,779 | 122 | $ 4,075 | $ 7,531,854 | 73,366.03 | $ 7,049,361 |

*The accompanying footnotes and sub-schedules are part of this schedule*



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## SUB-SCHEDULE 2A – OFFICIAL ADMINISTRATOR/ADVISORY COMMITTEES REMUNERATION FOR THE YEAR ENDED MARCH 31, 2015

| | Term | 2015 Committees | 2015 Remuneration | 2014 Remuneration |
|---|---|---|---|---|
| **Official Administrator** | | | | |
| Dr. Carl Amrhein | Since Nov 17, 2014 | AFAC, ARC, FC, HRAC, QSAC | $ 186 | $ - |
| Janet Davidson | Jun 12, 2013 to Sep 9, 2013; Sep 10, 2014 to Nov 16, 2014 | AFAC, HRAC, QSAC | 119 | 166 |
| Dr. John Cowell | Sep 10, 2013 to Sep 9, 2014 | AFAC, HRAC, QSAC | 295 | 372 |
| **Advisory Committee Participants**[1] | | | | |
| Barbara Burton | Since Dec 11, 2013 | HRAC (Chair) | 6 | 2 |
| Phyllis Clark | Oct 21, 2013 to Dec 4, 2013 | - | - | 1 |
| Dr. Thomas Feasby | Since Jan 21, 2014 | QSAC | 2 | 1 |
| Martin Harvey | Since Dec 11, 2013 | HRAC | 2 | 2 |
| Gregory Henders | Dec 11, 2013 to Feb 13, 2015 | HRAC | 2 | 2 |
| Brian Olson | Sep 24, 2013 to Jan 31, 2015 | AFAC, HRAC (Chair), QSAC | 33 | 12 |
| Don Sieben | Since Sep 25, 2013 | AFAC (Chair), ARC (Chair), FC (Chair), HRAC, QSAC | 44 | 19 |
| Doug Tupper | Since Nov 28, 2013 | AFAC, ARC, FC, HRAC, QSAC (Chair) | 44 | 11 |
| Gord Winkel | Since Jan 21, 2014 | QSAC | 3 | 1 |
| Total Official Administrator/Advisory Committees | | | $ 736 | $ 589 |

Dr. Carl Amrhein was appointed to the position of Official Administrator effective November 17, 2014 (calculated FTE of 0.37) as per Ministerial Order 314/2014 to a term set to expire June 30, 2015. The incumbent is on secondment from the University of Alberta. AHS reimburses the University for the incumbent's base salary and benefits including annual performance adjustments. Remuneration is not to exceed $330 for the term.

Janet Davidson was re-appointed to the position of Official Administrator effective September 10, 2014 (calculated FTE of 0.18) as per Ministerial Order 310/2014 until November 16, 2014. AHS reimbursed AH for the incumbent's base salary and benefits. Remuneration was $580 per annum plus benefits.

Dr. John Cowell held the position of Official Administrator until September 9, 2014 (calculated FTE of 0.45) at which time his term expired. Remuneration was $580 per annum plus $87 per annum in lieu of benefits.

Advisory committees were established by the Official Administrator to aid in governing AHS and overseeing the management of AHS' business and affairs. On June 4, 2014, the Quality Assurance and Patient Safety Advisory Committee was renamed as the Quality and Safety Advisory Committee. On February 10, 2015, the Audit and Finance Advisory Committee was divided into the Audit and Risk Committee and Finance Committee. Advisory committee participants are eligible to receive honoraria for meetings attended. Advisory committee chairs are compensated an additional $30 per annum.

Committee legend: AFAC = Audit and Finance Advisory Committee, ARC = Audit and Risk Committee, FC = Finance Committee, HRAC = Human Resources Advisory Committee, QSAC = Quality and Safety Advisory Committee

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## SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015

| For the Current Fiscal Year | 2015 | | | | | | |
|---|---|---|---|---|---|---|---|
| | FTE [a] | Base Salary [b] | Other Cash Benefits [c] | Other Non-Cash Benefits [d] | Subtotal | Severance and Termination Benefits [e] | Total |
| **Official Administrator Direct Reports** | | | | | | | |
| Vickie Kaminski – President and Chief Executive Officer [h,ff] | 0.85 | $ 459 | $ - | $ 82 | $ 541 | $ - | $ 541 |
| Brenda Huband – Interim President and Chief Executive Officer, Zone and Health Operations [i,gg] | 0.15 | 60 | - | 11 | 71 | - | 71 |
| Rick Trimp – Interim President and Chief Executive Officer Population Heath and Province-Wide Services [j,kk] | 0.15 | 60 | - | 8 | 68 | - | 68 |
| Dr. Chris Eagle – Special Advisor [k,kk] | 0.34 | 195 | 83 | 75 | 353 | - | 353 |
| Ronda White – Chief Audit Executive [l,hh] | 1.00 | 237 | 2 | 53 | 292 | - | 292 |
| Catherine MacNeill – Acting Corporate Secretary [m] | 0.50 | 92 | - | 18 | 110 | - | 110 |
| Kristin Long – Corporate Secretary [n] | 0.16 | 32 | - | 23 | 55 | - | 55 |
| David Diamond – Chief External Relations Officer [o,kk] | 0.61 | 196 | 12 | 35 | 243 | - | 243 |
| **CEO Direct Reports** | | | | | | | |
| Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta [i,gg] | 0.85 | 315 | - | 64 | 379 | - | 379 |
| Dr. Francois Belanger – VP and Medical Director, Central and Southern Alberta [p,gg] | 1.00 | 455 | - | 139 | 594 | - | 594 |
| Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta [q,gg] | 1.00 | 371 | - | 79 | 450 | - | 450 |
| Dr. David Mador – VP and Medical Director, Northern Alberta [r,n] | 1.00 | 455 | - | 91 | 546 | - | 546 |
| Linda Dempster – VP Collaborative Practice, Nursing and Health Professions [s,gg] | 0.02 | 5 | - | 2 | 7 | - | 7 |
| Dr. Verna Yiu – VP, Quality and Chief Medical Officer [t,u,jj] | 1.00 | 548 | 35 | 33 | 616 | - | 616 |
| Rick Trimp – VP, Province-Wide Clinical Supports, Programs and Services [j,kk] | 0.44 | 163 | 30 | 24 | 217 | 196 | 413 |
| Mauro Chies – Acting VP, Province-Wide Clinical Supports, Programs and Services [v] | 0.15 | 35 | 8 | 7 | 50 | - | 50 |
| Dr. Kathryn Todd – VP, Research, Innovation and Analytics [l,w,jj] | 1.00 | 278 | 10 | 28 | 316 | - | 316 |



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## SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

| For the Current Fiscal Year | 2015 | | | | | | |
|---|---|---|---|---|---|---|---|
| | FTE [a] | Base Salary [b] | Other Cash Benefits [c] | Other Non-Cash Benefits [d] | Subtotal | Severance and Termination Benefits [e] | Total |
| **CEO Direct Reports (continued)** | | | | | | | |
| Robert Armstrong – Acting VP, Human Resources [x,gg] | 0.75 | $ 184 | $ 26 | $ 41 | $ 251 | $ - | $ 251 |
| Susan McGillivray – Acting VP, People [y] | 0.25 | 62 | 8 | 11 | 81 | - | 81 |
| Carmel Turpin – VP, Community Engagement and Communications [z,gg] | 0.41 | 119 | - | 31 | 150 | - | 150 |
| Colleen Turner – Acting VP, Community Engagement and Communications [aa] | 0.59 | 139 | 14 | 35 | 188 | - | 188 |
| Deborah Rhodes – VP Corporate Services and Chief Financial Officer [bb,gg] | 1.00 | 360 | 18 | 79 | 457 | - | 457 |
| Noela Inions – Chief Ethics and Compliance Officer [cc,gg] | 1.00 | 226 | - | 55 | 281 | - | 281 |
| Salimah Walji-Shivji – General Counsel, Legal and Privacy [dd,gg] | 0.35 | 84 | - | 25 | 109 | - | 109 |
| Total Executive | 14.57 | $ 5,130 | $ 246 | $ 1,049 | $ 6,425 | $ 196 | 6,621 |

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## SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

| For the Prior Fiscal Year | 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | FTE [a] | Base Salary [b] | Other Cash Benefits [c] | Other Non-Cash Benefits [d] | Subtotal | Severance and Termination Benefits [e] | Total |
| **Board/Official Administrator Direct Reports** | | | | | | | |
| Vickie Kaminski – President and Chief Executive Officer | - | $ - | $ - | $ - | $ - | $ - | $ - |
| Brenda Huband – Interim President and Chief Executive Officer, Zone and Health Operations | 0.37 | 148 | - | 28 | 176 | - | 176 |
| Rick Trimp – Interim President and Chief Executive Officer Population Heath and Province-Wide Services | 0.37 | 148 | - | 29 | 177 | - | 177 |
| Duncan Campbell – Acting President and Chief Executive Officer | 0.09 | 33 | 5 | 5 | 43 | | 43 |
| Dr. Chris Eagle – President and Chief Executive Officer | 0.54 | 316 | 8 | 31 | 355 | - | 355 |
| Dr. Chris Eagle – Special Advisor | 0.46 | 264 | 6 | 26 | 296 | - | 296 |
| Ronda White – Chief Audit Executive | 1.00 | 233 | 16 | 42 | 291 | - | 291 |
| Noela Inions – Chief Ethics and Compliance Officer | 1.00 | 226 | - | 49 | 275 | - | 275 |
| Kristin Long – Corporate Secretary | 0.75 | 125 | 2 | 11 | 138 | - | 138 |
| Patti Grier – Chief of Staff and Corporate Secretary | 0.38 | 74 | 28 | 11 | 113 | - | 113 |
| David Diamond – Chief External Relations Officer | 0.50 | 161 | - | 19 | 180 | - | 180 |
| **CEO Direct Reports** | | | | | | | |
| Duncan Campbell – VP Corporate Services and Chief Financial Officer [f][g] | 0.91 | 392 | 20 | 62 | 474 | 523 | 997 |
| Deborah Rhodes – Acting VP Corporate Services and Chief Financial Officer | 0.48 | 168 | 16 | 30 | 214 | - | 214 |
| Brenda Huband – VP and Chief Health Operations Officer, Central and Southern Alberta | 0.18 | 67 | - | 14 | 81 | - | 81 |
| Dr. Francois Belanger – VP and Medical Director, Central and Southern Alberta | 0.56 | 185 | 64 | 28 | 277 | - | 277 |
| Deb Gordon – VP and Chief Health Operations Officer, Northern Alberta | 0.21 | 78 | - | 10 | 88 | - | 88 |
| Deb Gordon – VP Collaborative Practice, Nursing and Health Professions | 0.79 | 276 | - | 36 | 312 | - | 312 |
| Dr. Tom Noseworthy – Acting VP and Chief Health Operations Officer, Northern Alberta | 0.35 | 105 | 60 | - | 165 | - | 165 |
| Dr. David Mador – VP and Medical Director, Northern Alberta | 0.56 | 186 | 54 | 36 | 276 | - | 276 |



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## SUB-SCHEDULE 2B - EXECUTIVE SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

| For the Prior Fiscal Year | 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | FTE [a] | Base Salary [b] | Other Cash Benefits [c] | Other Non-Cash Benefits [d] | Subtotal | Severance and Termination Benefits [e] | Total |
| **CEO Direct Reports (continued)** | | | | | | | |
| Dr. Verna Yiu – VP, Quality and Chief Medical Officer | 1.00 | $ 495 | $ 58 | $ 32 | $ 585 | $ - | $ 585 |
| Rick Trimp – VP, Province-Wide Clinical Supports, Programs and Services | 0.18 | 67 | 16 | 14 | 97 | - | 97 |
| Mauro Chies – Acting VP, Province-Wide Clinical Supports, Programs and Services | 0.56 | 129 | 25 | 24 | 178 | - | 178 |
| Susan McGillivray – Acting VP, People | 0.43 | 107 | 14 | 13 | 134 | - | 134 |
| Mark Haley – VP, People | 0.11 | 76 | - | - | 76 | - | 76 |
| Colleen Turner – Acting VP, Community Engagement and Communications | 0.56 | 131 | 13 | 23 | 167 | - | 167 |
| Dr. Kathryn Todd – VP, Research, Innovation and Analytics | 1.00 | 250 | 10 | 26 | 286 | - | 286 |
| Chris Mazurkewich – Former Executive VP and Chief Operating Officer | 0.45 | 211 | 127 | 25 | 363 | 541 | 904 |
| Dr. David Megran – Former Executive VP and Chief Medical Officer, Clinical Operations | 0.45 | 215 | 83 | 144 | 442 | 730 | 1,172 |
| Stephen Gould – Former Executive VP, People and Partners | 0.48 | 198 | 66 | 24 | 288 | 337 | 625 |
| Bill Trafford – Acting VP and Chief Transition Officer | 0.65 | 222 | 44 | 27 | 293 | 391 | 684 |
| Barbara Pitts – Former Senior VP, Priorities and Performance | 0.45 | 166 | 22 | 10 | 198 | 424 | 622 |
| Total Executive | 15.82 | $ 5,452 | $ 757 | $ 829 | $ 7,038 | $ 2,946 | $ 9,984 |

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## SUB-SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain employees will receive retirement benefits that supplement the benefits limited under the registered plans for service post 1991. The Supplemental Pension Plan (SPP) is a defined contribution plan and the Supplemental Executive Retirement Plan (SERP) is a defined benefit plan. The SERP is disclosed in Notes 2(g)(iii) and 16(d). The amounts in this table represent the total SPP and SERP benefits earned by the individual during the fiscal year. The current period benefit costs for SPP and the current period benefit costs and other costs for SERP included in other non-cash benefits disclosed in Sub-Schedule 2B are prorated for the period of time the individual was in their position directly reporting to the Official Administrator and directly reporting to the President and Chief Executive Officer. Only individuals holding a position directly reporting to either the Official Administrator or President and Chief Executive Officer during the current fiscal year are disclosed.

| | 2015 | | | 2014 | | | |
|---|---|---|---|---|---|---|---|
| | SPP | SERP | | | | | |
| | Current period benefit costs[1] | Other Costs[2] | Total | Total | Account Balance[3] or Accrued Benefit Obligation March 31, 2014 | Change During the Year[4] | Account Balance[3] or Accrued Benefit Obligation March 31, 2015 |
| Vickie Kaminski - President and Chief Executive Officer | $ 39 | $ - | $ 39 | $ - | $ - | $ 39 | $ 39 |
| Brenda Huband - Interim President and Chief Executive Officer, Zone and Health Operations/VP and Chief Health Operations Officer, Central and Southern Alberta | | | | | | | |
| - SERP | - | 9 | 9 | (1) | 396 | 16 | 412 |
| - SPP | 26 | - | 26 | 23 | 39 | 28 | 67 |
| Rick Trimp - Interim President and Chief Executive Officer, Population Heath and Province-Wide Services/VP, Province-Wide Clinical Supports, Programs and Services | 16 | - | 16 | 23 | 27 | (27) | - |
| Dr. Chris Eagle - Special Advisor | | | | | | | |
| - SERP | - | 39 | 39 | (5) | 1,768 | (4) | 1,764 |
| - SPP | 28 | - | 28 | 45 | 146 | (36) | 110 |
| Ronda White - Chief Audit Executive | 10 | - | 10 | 9 | 27 | 12 | 39 |
| Catherine MacNeill - Acting Corporate Secretary | 3 | - | 3 | 2 | 2 | 3 | 5 |
| Kristin Long - Corporate Secretary | 1 | - | 1 | 1 | 1 | 1 | 2 |
| David Diamond - Chief External Relations Officer | | | | | | | |
| - SERP | - | 5 | 5 | (5) | 226 | (226) | - |
| - SPP | 12 | - | 12 | 18 | 33 | (33) | - |
| Dr. Francois Belanger - VP and Medical Director, Central and Southern Alberta | 50 | - | 50 | 19 | 37 | 52 | 89 |
| Deb Gordon - VP and Chief Health Operations Officer, Northern Alberta | | | | | | | |
| - SERP | - | 14 | 14 | (14) | 611 | (1) | 610 |
| - SPP | 26 | - | 26 | 22 | 30 | 27 | 57 |
| Dr. David Mador - VP and Medical Director, Northern Alberta | 48 | - | 48 | 20 | 20 | 49 | 69 |



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## SUB-SCHEDULE 2C - EXECUTIVE SUPPLEMENTAL PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (CONTINUED)

| | 2015 | | | 2014 | | | |
|---|---|---|---|---|---|---|---|
| | SPP | SERP | | | | | |
| | Current period benefit costs[1] | Other Costs[2] | Total | Total | Account Balance[3] or Accrued Benefit Obligation March 31, 2014 | Change During the Year[4] | Account Balance[3] or Accrued Benefit Obligation March 31, 2015 |
| Linda Dempster - VP Collaborative Practice, Nursing and Health Professions | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Dr. Verna Yiu - VP, Quality and Chief Medical Officer [5] | - | - | - | - | - | - | - |
| Mauro Chies - Acting VP, Province-Wide Clinical Supports, Programs and Services | 11 | - | 11 | 8 | 23 | 13 | 36 |
| Dr. Kathryn Todd - VP, Research, Innovation and Analytics [5] | - | - | - | - | - | - | - |
| Robert Armstrong - Acting VP, Human Resources | 11 | - | 11 | 10 | 15 | 11 | 26 |
| Susan McGillivray - Acting VP, People | | | | | | | |
| - SERP | - | 3 | 3 | (3) | 128 | - | 128 |
| - SPP | 11 | - | 11 | 11 | 17 | 12 | 29 |
| Carmel Turpin - VP, Community Engagement and Communications | 7 | - | 7 | - | - | 7 | 7 |
| Colleen Turner - Acting VP, Community Engagement and Communications | 10 | - | 10 | 9 | 25 | 12 | 37 |
| Deborah Rhodes - VP Corporate Services and Chief Financial Officer | 25 | - | 25 | 21 | 77 | 31 | 108 |
| Noela Inions - Chief Ethics and Compliance Officer | 8 | - | 8 | 8 | 42 | 12 | 54 |
| Salimah Walji-Shivji - General Counsel, Legal and Privacy | 6 | - | 6 | 5 | 18 | 8 | 26 |

(1) The SPP current period benefit costs are AHS contributions earned in the period.
(2) Other SERP costs include retirement benefits, interest expense on the obligations, and amortization of actuarial gains and losses, offset by the expected return on the plans' assets.
(3) The account balance represents the total cumulative earned contributions to the SPP as well as cumulative investment gains or losses on the contributions.
(4) Changes in the accrued benefit obligation include current period benefit cost, interest accruing on the obligations and the amortization of any actuarial gains or losses in the period. Changes in the account balance include the current benefit costs and investment gains or losses related to the account.

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## FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS
## FOR THE YEAR ENDED MARCH 31, 2015

**Definitions**

a. For this schedule, Full time equivalents (FTE) are determined by actual hours earned divided by 2,022.75 annual base hours. FTE for the Official Administrator and Advisory Committee members are prorated using the number of days in the fiscal year between either the date of appointment and the end of the year, the date of appointment and the termination date, or the beginning of the year and the termination date.

b. Base salary is regular salary and includes all payments earned related to actual hours earned other than those reported as other cash benefits.

Vacation accruals are included in base salary except for direct reports of the Official Administrator or President and Chief Executive Officer whose vacation payouts are included in other cash benefits and vacation accruals are included in other non-cash benefits.

c. Other cash benefits may include as applicable honoraria, overtime, acting pay, lump sum payments and an allowance for professional development. Market supplements and automobile allowances were also included in the prior year, however, they are no longer applicable for the current year. Relocation expenses are excluded from compensation disclosure as they are considered to be recruiting costs to AHS and not part of compensation unless related to severance or termination benefits. Expense reimbursements are also excluded from compensation disclosure except where the expenses meet the definition of the other cash benefits listed above.

d. Other non-cash benefits include:
- Employer's current period benefit costs and other costs of supplemental pension plan and supplemental executive retirement plans as defined in Sub-Schedule 2C
- Employer's share of employee benefit contributions and payments made on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental disability and dismemberment insurance, and long and short-term disability plans, and
- Employer's share of the cost of additional benefits including sabbaticals or other special leave with pay.

e. Severance and termination benefits include direct or indirect payments to individuals upon termination or through a voluntary exit program which are not included in other cash benefits or other non-cash benefits.

f. Compensation for medical doctors included in salaries and benefits expense includes medical doctors paid through AHS payroll. The compensation for the remaining medical doctors is included in other contracted services.

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## FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

**Official Administrators and Advisory Committee Participants**

g. These individuals are participants of Official Administrator governance advisory committees, but are not AHS employees.

**Executive**

h. The incumbent held the position effective May 26, 2014. The contract term ends May 26, 2017.

i. The incumbent held the dual positions of Interim President and Chief Executive Officer, Zone and Health Operations and Vice President and Chief Health Operations Officer, Central and Southern Alberta until May 26, 2014 at which time the incumbent resumed solely the role of Vice President and Chief Health Operations Officer, Central and Southern Alberta along with a return to the annual compensation commensurate of the position.

j. The incumbent held the dual positions of Interim President and Chief Executive Officer, Population Health and Province-Wide Services and Vice President, Province-Wide Clinical Supports, Programs and Services until May 26, 2014 at which time the incumbent resumed solely the role of Vice President, Province-Wide Clinical Supports, Programs and Services along with a return to the annual compensation commensurate of the position. The incumbent held the position until October 31, 2014 at which time the incumbent left AHS. The incumbent received the salary and other accrued entitlements to the date of departure. The reported severance included 24 weeks base salary at the rate in effect at the date of departure and 15% of the severance in lieu of benefits. AHS will also make payments for the incumbent to attend an outplacement program for a maximum of 6 months.

k. The incumbent held the position until October 19, 2014 at which time the incumbent left AHS. The incumbent took a sabbatical leave from August 5, 2014 to October 17, 2014; this time is not included in the incumbent's calculated FTE.

l. In addition to the position of Chief Audit Executive, the incumbent was assigned to the acting lead role for Legal and Privacy and received acting pay until April 25, 2014.

m. The incumbent held the position of Legal Counsel - Corporate/Commercial until May 26, 2014 at which time the incumbent was appointed to Acting Corporate Secretary and became a direct report to the Official Administrator. As a result of restructuring, the incumbent ceased to be a direct report to the Official Administrator effective November 24, 2014.

n. The incumbent began a leave of absence on May 29, 2014. As a result of restructuring, the incumbent ceased to be a direct report to the Official Administrator effective November 24, 2014.

o. The incumbent held the position until November 9, 2014 at which time the incumbent left AHS.

p. A Senior Medical Leadership compensation review for the incumbent was finalized June 20, 2014. As a result, the incumbent's annual compensation was adjusted retroactive to April 1, 2013. An increase in the incumbent's base salary was offset by a retroactive elimination of the incumbent's market supplement. The net retroactive adjustment of $5 per annum is reflected in the current year base salary amount.

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## FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

q. The incumbent held the dual positions of Vice President and Chief Health Operations Officer, Northern Alberta and Acting Vice President Collaborative Practice, Nursing and Health Professions until March 25, 2015 at which time the incumbent began transitioning out of the role of Acting Vice President Collaborative Practice, Nursing and Health Professions while retaining solely the role of Vice President and Chief Health Operations Officer, Northern Alberta.

r. A Senior Medical Leadership compensation review for the incumbent was finalized June 20, 2014. As a result, the incumbent's annual compensation was adjusted retroactive to April 1, 2013. An increase in the incumbent's base salary was offset by a retroactive elimination of the incumbent's market supplement. The net retroactive adjustment of $5 per annum is reflected in the current year base salary amount.

s. The incumbent was appointed to the position effective March 25, 2015.

t. The incumbent is on secondment from the University of Alberta. The incumbent's total remuneration is comprised of salary amounts from both AHS and the University of Alberta. AHS reimburses the University for the incumbent's base salary and benefits including annual performance adjustments. In lieu of enrollment into the AHS SPP, the incumbent will receive an annual lump sum supplemental payment equivalent to the amount the incumbent would have received as a member of the SPP and payable from AHS. The lump sum has been included in Other Cash Benefits.

u. A Senior Medical Leadership compensation review for the incumbent was finalized July 17, 2014. As a result, the incumbent's annual compensation was adjusted retroactive to April 1, 2013. The retroactive adjustment of $27 per annum is reflected in the current year base salary amount.

v. The incumbent held the position of Acting Vice President, Province-Wide Clinical Supports, Programs & Services and received acting pay until May 26, 2014 at which time the incumbent resumed the role of Chief Program Officer, Clinical Support Services and was no longer a direct report to the President and Chief Executive Officer.

w. A Senior Leadership compensation review for the incumbent was finalized July 16, 2014. As a result, the incumbent's annual compensation was adjusted retroactive to April 1, 2013. The retroactive adjustment of $14 per annum is reflected in the current year base salary amount.

x. The incumbent held the position of Senior Program Officer, HR Shared Services, Workforce Strategies and Total Rewards until June 30, 2014 at which time the incumbent was appointed to Acting Vice President, Human Resources and became a direct report to the President and Chief Executive Officer. The incumbent received acting pay while in the Acting Vice President, Human Resources position.

y. The incumbent held the position of Acting Vice President, People and received acting pay until June 27, 2014 at which time the incumbent resumed the role of Senior Program Officer, HR Client Services and Employee/Labour Relations and was no longer a direct report to the President and Chief Executive Officer.

z. The incumbent was appointed to the position effective November 3, 2014.

aa. The incumbent held the position of Acting Vice President Community Engagement and Communications and received acting pay until November 3, 2014 at which time the incumbent resumed the role of Senior Program Officer, Communications and was no longer a direct report to the President and Chief Executive Officer.



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## FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

bb. The incumbent held the position of Acting Vice President Corporate Services and Chief Financial Officer and received acting pay until September 29, 2014 when the incumbent was appointed to the position of Vice President Corporate Services and Chief Financial Officer. The incumbent received an increase in compensation for the new position.

cc. As a result of restructuring, the incumbent's position changed from a direct reporting position to the Official Administrator to a direct reporting position to the President and Chief Executive Officer effective November 17, 2014.

dd. The incumbent held the position of Acting General Counsel until November 24, 2014 at which time the incumbent was appointed to General Counsel, Legal and Privacy and became a direct report to the President and Chief Executive Officer. The incumbent received an increase in compensation for the new position.

ee. In the prior year, reimbursement of relocation expenses of $43 was accrued for the incumbent. However the relocation expenses reimbursed to the incumbent totalled $23. The prior year balance has been restated to reflect the actual relocation expenses reimbursed.

**Termination Liabilities**

ff. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to one month annual base salary for each completed month of service to a maximum of twelve months. Monthly severance payments will be reduced by the amount of any employment income or consulting earnings received from a new employer during the month.

gg. The incumbent's termination benefits have not been predetermined.

hh. In the case of termination without just cause by AHS, the incumbent shall receive severance pay equal to 12 months base salary. The severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.

ii. In the case of termination without just cause by AHS, the incumbent shall receive severance pay to a maximum of 12 months base salary plus market supplement. Such severance will be paid in 12 equal monthly installments. The severance payment will be reduced by any employment earnings received from a new employer within the 12 month period.

jj. There is no severance associated with the secondment agreement. Upon termination of the secondment agreement, the incumbent would return to the incumbent's regular position at the University of Alberta.

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## FOOTNOTES TO THE CONSOLIDATED SCHEDULE OF SALARIES AND BENEFITS FOR THE YEAR ENDED MARCH 31, 2015 (CONTINUED)

kk. SPP and SERP

Based on the provision of the applicable SPP and SERP, the following outlines the benefits received by individuals who terminated employment with AHS within the 2014-15 fiscal period. As a result of retirement or termination, the incumbents are entitled to the benefits accrued to them up to the date of retirement or termination. For participants of SPP, the benefit includes the account balances as at March 31, 2015 and the current period benefit costs and investment gains or losses related to the account that were incurred during the current year. For participants of SERP, the benefit includes the accrued benefit obligation as at March 31, 2015, the current period benefit cost, interest accruing on the obligations, and the amortization of any actuarial gains or losses in the period that were incurred during the current year as identified in Sub-Schedule 2C. The AHS obligations are paid through either a lump sum payment or regular instalments:

| Position | Supplemental Plan Commencement Date | Benefit (not in thousands) | Frequency | Payment Terms |
|---|---|---|---|---|
| Special Advisor (SPP) | April 1, 2011 | $36,682 increasing annually to $37,048 | Annually | For a fixed term of 5 years from November 2014 to January 2018 |
| Special Advisor (SERP) | January 1, 2003 | $15,222 | Monthly | For a fixed term of 10 years from November 1, 2014 to October 1, 2024 |
| Interim President and Chief Executive Officer, Population Heath and Province Wide Services/VP, Province-Wide Clinical Supports, Programs and Services (SPP) | December 3, 2012 | $21,928<br>$21,958 | Twice | November 2014<br>January 2015 |
| Chief External Relations Officer (SPP) | May 1, 2012 | $46,921 | Once | January 2015 |
| Chief External Relations Officer (SERP) | November 10, 2006 | $191,013 | Once | December 2014 |



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# Financial Information

## Health Quality Council of Alberta

**Financial Statements**

March 31, 2015

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# HEALTH QUALITY COUNCIL OF ALBERTA

## FINANCIAL STATEMENTS

## MARCH 31, 2015


Statement of Management Responsibility

Independent Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Expenses – Detailed by Object

Schedule 2 – Salary and Benefits Disclosure

Schedule 3 – Related Party Transactions





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## HEALTH QUALITY COUNCIL OF ALBERTA

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

## MARCH 31, 2015

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards, and of necessity, include some amounts that are based on estimates and judgement.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

The Health Quality Council of Alberta's Board of Directors carries out their responsibility for the financial statements through the Audit and Finance Committee. The Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to the Health Quality Council of Alberta Board of Directors for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Audit and Finance Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures, which allow him to report on the fairness of the financial statements prepared by management.

On behalf of the Health Quality Council of Alberta.

[Original signed by]

Chief Executive Officer
Andrew Neuner
June 3, 2015

[Original signed by]

Controller
Jessica Wing
June 3, 2015



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AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Board of Directors of the Health Quality Council of Alberta

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Health Quality Council of Alberta, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Health Quality Council of Alberta as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 3, 2015

Edmonton, Alberta



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**HEALTH QUALITY COUNCIL OF ALBERTA**
**STATEMENT OF OPERATIONS**
**Year ended March 31**

| | 2015 Budget | 2015 Actual | 2014 Actual |
|---|---|---|---|
| | | (in thousands) | |
| **Revenues** | | | |
| Government transfers | | | |
| Alberta Health - operating grant | $ 6,959 | $ 6,959 | $ 6,959 |
| Investment income | 16 | 17 | 27 |
| Other revenue | 5 | 101 | 221 |
| | 6,980 | 7,077 | 7,207 |
| **Expenses** | | | |
| Administration | 2,746 | 2,419 | 2,351 |
| Survey, measure and monitor initiatives | 2,545 | 2,176 | 2,034 |
| Quality initiatives | 1,436 | 817 | 792 |
| Patient safety initiatives | 1,207 | 947 | 833 |
| Communication | 413 | 460 | 431 |
| Ministerial assessment/study | - | 22 | 117 |
| Other assessment/study | - | 27 | 164 |
| | 8,347 | 6,868 | 6,722 |
| Annual operating (deficit) surplus | (1,367) | 209 | 485 |
| Accumulated operating surplus, beginning of year | 2,386 | 2,386 | 1,901 |
| Accumulated operating surplus, end of year | $ 1,019 | $ 2,595 | $ 2,386 |

Contingent liabilities and contractual obligations (Note 11)

The accompanying notes and schedules are part of these financial statements.



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**HEALTH QUALITY COUNCIL OF ALBERTA**
**STATEMENT OF FINANCIAL POSITION**
**As at March 31, 2015**

| | March 31 | |
|---|---|---|
| | 2015 | 2014 |
| | (in thousands) | |
| **Assets** | | |
| Cash and cash equivalents (Note 4) | $ 2,271 | $ 3,011 |
| Accounts receivable (Note 5) | 109 | 232 |
| Prepaid expenses | 39 | 35 |
| Tangible capital assets (Note 7) | 1,137 | 149 |
| | $ 3,556 | $ 3,427 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | $ 834 | $ 1,036 |
| Employee future benefits (Note 8 ) | 17 | - |
| Deferred revenue (Note 9) | - | 5 |
| Deferred lease inducements (Note 10) | 110 | - |
| | 961 | 1,041 |
| **Net Assets** | | |
| Accumulated operating surplus (Note 12) | 2,595 | 2,386 |
| | $ 3,556 | $ 3,427 |

The accompanying notes and schedules are part of these financial statements.



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**HEALTH QUALITY COUNCIL OF ALBERTA**
**STATEMENT OF CASH FLOWS**
**Year ended March 31**

| | 2015 | 2014 |
|---|---|---|
| | (in thousands) | |
| **Operating Transactions** | | |
| Annual operating surplus | $ 209 | $ 485 |
| Non-cash items: | | |
| Amortization of tangible capital assets | 19 | 109 |
| Amortization of tenant inducements | (27) | - |
| Increase in employee future benefits | 17 | - |
| | 218 | 594 |
| Decrease in accounts receivable | 123 | 75 |
| (Increase) Decrease in prepaid expenses | (4) | 171 |
| (Decrease) Increase in accounts payable and accrued liabilities | (202) | 225 |
| (Decrease) in deferred revenue | (5) | (30) |
| Increase in deferred tenant inducements | 137 | - |
| Cash provided by operating transactions | 267 | 1,035 |
| **Capital Transactions** | | |
| Acquisition of tangible capital assets | (1,007) | (106) |
| Cash applied to capital transactions | (1,007) | (106) |
| **(Decrease) Increase in cash and cash equivalents** | (740) | 929 |
| **Cash and cash equivalents at beginning of year** | 3,011 | 2,082 |
| **Cash and cash equivalents at end of year** | $ 2,271 | $ 3,011 |

The accompanying notes and schedules are part of these financial statements.



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## HEALTH QUALITY COUNCIL OF ALBERTA
## NOTES TO THE FINANCIAL STATEMENTS
## MARCH 31, 2015
## (In thousands)

**Note 1 AUTHORITY**

The Health Quality Council of Alberta (HQCA) is a corporation under the *Health Quality Council of Alberta Act* and a government not-for-profit organization.

Pursuant to the *Health Quality Council of Alberta Act*, the Health Quality Council of Alberta has a mandate to promote and improve patient safety and health service quality on a province-wide basis.

The Health Quality Council of Alberta is exempt from income taxes under the Income Tax Act.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

**(a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenses of the HQCA.

**(b) Basis of Financial Reporting**

**Revenue**

All revenues are reported on the accrual basis of accounting. Cash received, for which services have not been provided by year end is recorded as deferred revenue.

**Government transfers**

Transfers from the Government of Alberta, other governments and other government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for the use of the transfer, or the terms, along with the HQCA's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the HQCA complies with its communicated use of the transfer.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the HQCA is eligible to receive the funds.



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## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONT'D)

### (b) Basis of Financial Reporting (Cont'd)

**Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Government transfers are recorded as expenses when the transfer is authorized and eligibility criteria, if any, have been met by the recipient.

**Valuation of Financial Instruments**

The HQCA's financial assets and liabilities are generally measured as follows:

| Financial Statement Component | Measurement |
|---|---|
| Cash and cash equivalents | Cost or Amortized cost |
| Accounts receivable | Cost or Amortized cost |
| Accounts payable and accrued liabilities | Cost or Amortized cost |

The HQCA does not hold equities traded in an active market, nor engage in derivative contracts or foreign currency transactions. The HQCA is not exposed to remeasurement gains or losses and, consequently, a statement of remeasurement gains and losses is not presented.

**Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.


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## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

### (b) Basis of Financial Reporting (Cont'd)

**Tangible Capital Assets**
Work-in-progress, which includes leasehold improvement projects, is not amortized until after the project is complete and the asset is put into service.

The cost, less residual value, of the tangible capital assets, excluding land and work-in-progress, is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Computer hardware and software | 5 years |
| Office equipment | 10 years |
| Leasehold improvements | Over term of lease |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the HQCA's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their book value.

**Deferred Tenant Inducements**
Deferred tenant inducements, associated with the leased premise, are amortized on a straight-line basis over the term of the related lease and recognized as a reduction to rent expense.

**Net Assets**
Net assets represent the difference between the assets held by the HQCA and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The HQCA operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.



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## Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONT'D)

**(b) Basis of Financial Reporting (Cont'd)**

**Employee Future Benefits**

The HQCA Board has approved a defined contribution Supplementary Executive Retirement Plan (SERP) for certain of its executive staff. The SERP supplements the benefit under the HQCA registered plan that is limited by the Income Tax Act (Canada). The HQCA contributes a certain percentage of an eligible employee's pensionable earnings in excess of the limits of the Income Tax Act (Canada). This plan provides participants with an account balance at retirement based on the contributions made to the plan and investment income earned on the contributions based on investment decisions made by the participant.

**Measurement Uncertainty**

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The amounts recorded for amortization of tangible capital assets are based on estimates of the useful life of the related assets. Actual results could differ from estimates.

**Funds and Reserves**

Certain amounts, as approved by the Board of Directors, are set aside in accumulated operating surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

## Note 3 BUDGET

The HQCA's 2014-2015 business plan with a budgeted deficit of ($1,367) was approved by the Board of Directors on December 18, 2013. The financial plan was submitted to the Ministry of Health.

The revenue categories disclosed in the Financial Statements agree with the board approved budget. The expense categories presented in the Financial Statements by function and by object differ from the board approved budget, however, the total expense disclosed by function and by object agrees with the total board approved expenses.

## Note 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | 2015 | 2014 |
|---|---|---|
| Cash | $ 2,271 | $ 1,502 |
| Cash equivalents | - | 1,509 |
| | $ 2,271 | $ 3,011 |


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HEALTH QUALITY COUNCIL OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015
(in thousands)

**Note 5 ACCOUNTS RECEIVABLE**

| | 2015 | | | 2014 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Due from Alberta Health Services | $ 2 | $ - | $ 2 | $ 164 |
| Other receivables | 107 | - | 107 | 68 |
| | $ 109 | $ - | $ 109 | $ 232 |

**Note 6 FINANCIAL RISK MANAGEMENT**

The HQCA has the following financial instruments: accounts receivable, accounts payable and accrued liabilities.

The HQCA has exposure to the following risks from its use of financial instruments: interest rate risk, liquidity risk and other price risk.

(a) Interest rate risk

Interest rate risk is the risk that the rate of return and future cash flows on the HQCA's short-term investments will fluctuate because of changes in market interest rates. As the HQCA invests in short term deposits of ninety (90) days or less and accounts payable are non-interest bearing, the HQCA is not exposed to significant interest rate risk relating to its financial assets and liabilities.

(b) Liquidity risk

Liquidity risk is the risk that the HQCA will encounter difficulty in meeting obligations associated with financial liabilities. The HQCA enters into transactions to purchase goods and services on credit. Liquidity risk is measured by reviewing the HQCA's future net cash flows for the possibility of negative net cash flow. The HQCA manages the liquidity risk resulting from its accounts payable obligations by maintaining cash resources and investing in short-term deposits of ninety (90) days or less.

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Price risk is managed by holding short-term deposits for ninety (90) days or less.



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**Note 6 FINANCIAL RISK MANAGEMENT (CONT'D)**

(d) Credit risk

The HQCA is exposed to credit risk from potential non-payment of accounts receivable. During the fiscal year most of the HQCA's receivables are from provincial agencies; therefore the credit risk is minimized.



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HEALTH QUALITY COUNCIL OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015
(in thousands)

## Note 7 TANGIBLE CAPITAL ASSETS

| | 2015 | | | | | 2014 |
|---|---|---|---|---|---|---|
| | Work-in-progress | Equipment | Computer Hardware & Software | Other [a] | Total | Total |
| **Estimated useful life** | | 10 yrs | 5 yrs | 5 – 10 yrs | | |
| **Historical Cost** | | | | | | |
| Beginning of year | $ 61 | $ 133 | $ 440 | $ 45 | $ 679 | $ 573 |
| Additions | 968 | - | 39 | - | 1,007 | 106 |
| Disposals | - | - | (108) | - | (108) | - |
| | 1,029 | 133 | 371 | 45 | 1,578 | 679 |
| **Accumulated Amortization** | | | | | | |
| Beginning of year | - | 90 | 408 | 32 | 530 | 421 |
| Amortization expense | - | 5 | 12 | 2 | 19 | 109 |
| Effect of disposals | - | - | (108) | - | (108) | - |
| | - | 95 | 312 | 34 | 441 | 530 |
| Net book value at March 31, 2015 | $1,029 | $38 | $59 | $11 | $1,137 | |
| Net book value at March 31, 2014 | $ 61 | $ 43 | $ 32 | $ 13 | | $ 149 |

(a) Other capital assets include leasehold improvements.

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**Note 8 BENEFIT PLAN**

The HQCA participates in the Local Authorities Pension Plan (LAPP), a multi- employer defined benefit pension plan.

The HQCA accounts for this multi-employer pension plan on a defined contribution basis. The HQCA is not responsible for future funding of the plan deficit other than through contribution increases. Pension expense recorded in the financial statements is equivalent to HQCA's annual contributions of $330 for the year ended March 31, 2015 (2014 - $234).

At December 31, 2014, the Local Authorities Pension Plan reported a deficiency of $2,454,636 (2013 deficiency of $4,861,516).

The Supplementary Executive Retirement Plan (SERP) expense for the year ended March 31, 2015 is $17 (2014 - $0).

**Note 9 DEFERRED REVENUE**

Deferred revenue represents unspent externally restricted resources. Changes in the balance are as follows:

| | 2015 | 2014 |
|---|---|---|
| Balance, beginning of the year | $ 5 | $ 35 |
| Amounts recognized in revenue | - | (30) |
| Amount repaid | (5) | - |
| Balance, end of the year | $ - | $ 5 |

**Note 10 DEFERRED LEASE INDUCEMENTS**

| | 2015 | 2014 |
|---|---|---|
| Tenant inducements | $ 137 | $ - |
| Less accumulated amortization | (27) | - |
| | $ 110 | $ - |

**Note 11 CONTRACTUAL OBLIGATIONS**

Contractual obligations are obligations of the HQCA to others that will become liabilities in the future when the terms of those contracts or agreements are met.



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## Note 11 CONTRACTUAL OBLIGATIONS (CONT'D)

| | 2015 | 2014 |
|---|---|---|
| Obligations under operating leases, contracts and programs | $ 3,604 | $ 982 |

The HQCA has entered into a lease agreement for its office premises, expiring March 31, 2023. The minimum annual lease payments are as follows:

| | |
|---|---|
| 2015-16 | $ 421 |
| 2016-17 | 421 |
| 2017-18 | 376 |
| 2018-19 | 392 |
| 2019-20 | 486 |
| Thereafter | 1,508 |
| | $ 3,604 |

## Note 12 ACCUMULATED OPERATING SURPLUS

Accumulated operating surplus is comprised of the following:

| | Investment in Tangible Capital Assets [a] | Internally Restricted Surplus [b] | Unrestricted Surplus | Total |
|---|---|---|---|---|
| Accumulated operating surplus, April 1, 2014 | $ 149 | $ 743 | $ 1,494 | $ 2,386 |
| Annual operating surplus | - | - | 209 | 209 |
| Net investment in capital assets | 877 | | (877) | - |
| Net transfers | - | (672) | 672 | - |
| Accumulated operating surplus, March 31, 2015 | $ 1,026 | $ 71 | $ 1,498 | $ 2,595 |

(a) Net assets equal to the net book value of internally funded tangible capital assets are restricted as these net assets are not available for any other purpose.

(b) The internally restricted net transfer of $672 includes $649 related to leasehold improvements and $23 related to the ministerial review. The remaining $71 is restricted for ministerial reviews.



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**Note 13 COMPARATIVE FIGURES**

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

**Note 14 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the HQCA Board of Directors on June 3, 2015.



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Schedule 1

## HEALTH QUALITY COUNCIL OF ALBERTA
## EXPENSES – DETAILED BY OBJECT
## FOR THE YEAR ENDED MARCH 31, 2015

| | 2015 Budget | 2015 Actual | 2014 Actual |
|---|---|---|---|
| | (In thousands) | | |
| Salaries and benefits | $ 4,055 | $ 3,755 | $ 3,197 |
| Supplies, services and other | 4,168 | 3,094 | 3,416 |
| Amortization of tangible capital assets | 124 | 19 | 109 |
| | $ 8,347 | $ 6,868 | $ 6,722 |

Schedule 2

## HEALTH QUALITY COUNCIL OF ALBERTA
## SALARY AND BENEFITS DISCLOSURE
## YEAR ENDED MARCH 31, 2015

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Base Salary [1] | Other Cash Benefits [2] | Other Non-Cash Benefits [3] | Total | Total |
| | (In thousands) | | | | |
| Board of Directors-Chair | $ - | $ 13 | $ - | $ 13 | $ 11 |
| Board of Directors-Members | - | 48 | - | 48 | 44 |
| Chief Executive Officer [4] | 198 | - | 36 | 234 | 227 |
| Acting Chief Executive Officer [4] | 223 | 28 | - | 251 | 245 |
| Executive Director | 188 | - | 36 | 224 | 199 |

(1) Base salary includes pensionable base pay except for the Acting Chief Executive Officer (CEO). A retroactive adjustment of $8 for the Executive Director for the fiscal year 2014 is reflected in the current year's base salary amount.

(2) Other cash benefits include honoraria and payment in lieu of benefits for the Acting CEO.

(3) Other non-cash benefits include: employer's portion of all employee benefits and contributions or payments made on behalf of employees, including pension, SERP, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, employee assistance program, employment insurance and parking.

(4) The Acting Chief Executive Officer held the position from October 1, 2013 to September 5, 2014. The current CEO held the position effective September 8, 2014.



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Schedule 3

## HEALTH QUALITY COUNCIL OF ALBERTA
## RELATED PARTY TRANSACTIONS
## FOR THE YEAR ENDED MARCH 31

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include key management personnel in the HQCA.

The Health Quality Council of Alberta had the following transactions with related parties recorded in the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties.

| | 2015 | 2014 |
|---|---|---|
| | (in thousands) | |
| **Revenues** | | |
| Grants | $ 6,959 | $ 6,959 |
| Other | 99 | 194 |
| | $ 7,058 | $ 7,153 |
| **Expenses** | | |
| Other services | $ 465 | $ 722 |
| Grants | 20 | 1 |
| | $ 485 | $ 723 |
| **Receivable from related parties** | $ 2 | $ 164 |
| **Payable to related parties** | $ 79 | $ 199 |
| **Deferred revenue** | $ - | $ 5 |



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# Financial Information

## Alberta Innovates — Health Solutions

Consolidated Financial Statements

March 31, 2015

© 2015 Government of Alberta

# Alberta Innovates – Health Solutions

Consolidated Financial Statements
**March 31, 2015**



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# ALBERTA INNOVATES – HEALTH SOLUTIONS

# CONSOLIDATED FINANCIAL STATEMENTS

# MARCH 31, 2015


Management's Responsibilities for the Financial Statements

Independent Auditor's Report

Consolidated Statement of Financial Position

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Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Expenses Detailed by Object

Schedule 2 – Salary and Benefits Disclosure

Schedule 3 – Related Party Transactions

Schedule 4 – Budget Reconciliation




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Alberta Innovates Health Solutions

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS MARCH 31, 2015

The accompanying financial statements are the responsibility of management and have been reviewed and approved by Senior Management. The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards, and of necessity, include some amounts that are based on estimates and judgement.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system provides management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately safeguarded.

Alberta Innovates Health Solutions Board of Directors carries out their responsibility for the financial statements through the Finance and Audit Committee. The Committee meets with management and the Auditor General of Alberta to review financial matters, and recommends the financial statements to Alberta Innovates Health Solutions Board of Directors for approval upon finalization of the audit. The Auditor General of Alberta has free access to the Finance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and procedures, which allow him to report on the fairness of the financial statements prepared by management.

[Original signed by]

Pam Valentine
Interim CEO

[Original signed by]

Maureen Fromhart
Vice President, Corporate Services

May 27, 2015



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AUDITOR GENERAL *Alberta*

## Independent Auditor's Report

To the Board of Directors of Alberta Innovates—Health Solutions

**Report on the Consolidated Financial Statements**

I have audited the accompanying consolidated financial statements of Alberta Innovates—Health Solutions, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on our audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alberta Innovates—Health Solutions as at March 31, 2015, and the results of its operations, its remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 27, 2015

Edmonton, Alberta



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## ALBERTA INNOVATES - HEALTH SOLUTIONS
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT MARCH 31, 2015

| | 2015 | 2014 |
|---|---|---|
| | (in thousands) | |
| **Assets** | | |
| Cash (Note 6) | $ 95,245 | $ 62,573 |
| Accounts Receivable and Other Assets (Note 8) | 950 | 8,527 |
| Tangible Capital Assets (Note 9) | 841 | 943 |
| | $ 97,036 | $ 72,043 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities (Note 10) | $ 9,421 | $ 11,971 |
| Deferred Revenue (Note 11) | 38,687 | 23,763 |
| Benefit Plans (Note 12(b)) | 328 | 378 |
| | $ 48,436 | $ 36,112 |
| **Net Assets** | | |
| Accumulated Operating Surplus | 48,600 | 35,931 |
| | $ 97,036 | $ 72,043 |

**Contractual Obligations (Note 13)**

The accompanying notes and schedules are a part of these consolidated financial statements.



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## ALBERTA INNOVATES - HEALTH SOLUTIONS
## CONSOLIDATED STATEMENT OF OPERATIONS
## YEAR ENDED MARCH 31, 2015

| | 2015 Budget (Schedule 4) | 2015 Actual | 2014 Actual |
|---|---|---|---|
| | | (in thousands) | |
| **Revenues** | | | |
| Government Transfers | | | |
| Government of Alberta Grants | $ 101,794 | 97,932 | 100,363 |
| Partnership Revenue | 4,797 | 500 | 1,257 |
| Other Revenue | 984 | 933 | 1,054 |
| Investment Income | 450 | 882 | 593 |
| | 108,025 | 100,247 | 103,267 |
| **Expenses (Schedule 1 and Note 2(b)(iii))** | | | |
| Strategic Investment | 69,309 | 56,271 | 75,080 |
| Platforms for Success | 18,823 | 6,465 | 4,313 |
| Relationship Development | 16,187 | 2,698 | 4,299 |
| Impact Evaluation and Acceleration | 2,275 | 2,118 | 1,418 |
| Building Capacity | 13,850 | 9,901 | 10,865 |
| Emerging Opportunities | 9,750 | - | - |
| Operations | 11,266 | 10,125 | 9,298 |
| | 141,460 | 87,578 | 105,273 |
| **Annual Operating Surplus (Deficit)** | $ (33,435) | $ 12,669 | $ (2,006) |
| **Accumulated Surplus, Beginning of year** | | 35,931 | 37,937 |
| **Accumulated Surplus, End of year** | | 48,600 | 35,931 |

The accompanying notes and schedules are a part of these consolidated financial statements.



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## ALBERTA INNOVATES - HEALTH SOLUTIONS
## CONSOLIDATED STATEMENT OF CASH FLOWS
## YEAR ENDED MARCH 31, 2015

| | 2015 | 2014 |
|---|---|---|
| | (in thousands) | |
| **Operating Transactions** | | |
| Annual Operating Surplus (Deficit) | $ 12,669 | $ (2,006) |
| Non-Cash Items: | | |
| Amortization of Tangible Capital Assets (Note 9) | 269 | 223 |
| Loss on Disposal of Tangible Capital Assets | - | 24 |
| Deferred Revenue Recognized as Revenue | (12,046) | (15,230) |
| | 892 | (16,989) |
| (Decrease) Increase in Accounts Receivable and Other Assets | 7,577 | (4,534) |
| Decrease (Increase) in Accounts Payable and Accrued Liabilities | (2,550) | 10,205 |
| Increase in Deferred Revenue Received/Receivable | 26,970 | 28,768 |
| Decrease in Benefit Plans | (50) | (50) |
| Cash Provided by Operating Transactions | 31,947 | 17,400 |
| **Capital Transactions** | | |
| Purchase of Tangible Capital Assets (Note 9) | (167) | (102) |
| Cash Applied to Capital Transactions | (167) | (102) |
| **Increase in Cash** | 32,672 | 17,298 |
| **Cash, Beginning of Year** | 62,573 | 45,275 |
| **Cash, End of Year** | $ 95,245 | $ 62,573 |

The accompanying notes and schedules are a part of these consolidated financial statements.



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ALBERTA INNOVATES – HEALTH SOLUTIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

## NOTE 1 AUTHORITY AND PURPOSE

Alberta Innovates – Health Solutions (the Corporation) is a Provincial Corporation, as defined in the Financial Administration Act, that was established on January 1, 2010 and operates under the authority of the *Alberta Research and Innovation Act*. The mandate of the Corporation is to support the economic and social well-being of Albertans, health research and innovation activities that are aligned to meet Government of Alberta priorities, including, without limitation, activities directed at the development and growth of the health sector, the discovery of new knowledge and the application of that knowledge.

The Corporation is exempt from income taxes under the *Income Tax Act.*

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

a) Reporting Entity and Method of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is comprised of the Corporation and the Alberta Foundation for Health Research (AFHR). The AFHR operates under the *Alberta Companies Act* and is a registered charitable organization for income tax purposes. The Foundation's activities are directed to promote and support medical research. All intercompany balances and transactions have been eliminated on consolidation.

b) Basis of Financial Reporting

(i) Revenue Recognition

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue. Externally restricted revenue, including partnership revenue, is recognized as revenue in the period in which the resources are used for the purpose specified. Funds received prior to meeting the criterion are recorded as deferred revenue until the resources are used for the purpose specified.

Operating and unrestricted grants are recognized as revenue in the year the transfers are received or receivable. Restricted grants are included in deferred revenue when received, and recognized as revenue when the Corporation meets the conditions of the grant.



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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investment income includes interest recorded on the accrual basis where there is reasonable assurance as to its measurement and collection.

(ii) Government transfers

Transfers from the Government of Alberta, other governments, and other government entities are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recorded as deferred revenue if the terms for use of the transfer, or the terms along with the Corporation's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the terms are met and, when applicable, the Corporation complies with its communicated use of the transfer.

All other government transfers, without terms for use of the transfer, are recorded as revenue when the transfer is authorized and the Corporation meets the eligibility criteria.

(iii) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Directly incurred expenses are costs the Corporation has primary responsibility and accountability for. In addition to operating expenses such as salaries and supplies, directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs which comprise of the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.



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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(iv) Assets

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Corporation are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

The Consolidated Cash Investment Trust Fund (CCITF) is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum to maturity of three years.

Tangible Capital Assets

Tangible capital assets of the Corporation are recorded at historical cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Tangible capital assets are amortized on a straight-line basis over the estimated useful lives of the assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

(v) Net Assets

Net assets represent the difference between the carrying value of assets held by the Corporation and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Corporation operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.



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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(vi) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

(vii) Employee Future Benefits

The Corporation operates a defined contribution pension plan. Pension costs included in these consolidated financial statements are comprised of the cost of employer contributions for the current service of employees during the year. There are no unfunded liabilities with respect to pension and pension costs.

(viii) Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities are generally measured as follows:

| Financial Statement Component | Measurement |
|---|---|
| Cash | Amortized cost |
| Accounts receivable and other assets | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

The Corporation has no assets or liabilities in the fair value category, has not engaged in foreign currency transactions and has no remeasurement gains or losses. Consequently, no statement of remeasurement gains or losses has been presented.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expected for financial instruments measured at fair value.

(ix) Measurement uncertainty

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.



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## NOTE 3 CHANGE IN ACCOUNTING POLICY

In June 2010 the Public Sector Accounting Board (PSAB) issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The Corporation adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. The Corporation is required to recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. For the fiscal year ended March 31, 2015, the Corporation has not identified any liability for contaminated sites.

## NOTE 4 Future Accounting Changes

Future Accounting Changes
In March 2015 the Public Sector Accounting Board issued PS 2200 – Related party disclosures and PS 3420 – Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017.

PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

Management is currently assessing the impact of these statements on the financial statements.

## NOTE 5 BUDGET
(in thousands)

A preliminary business plan with a budgeted deficit of $33,435 was approved by the Board on March 27, 2014 and the full financial plan was submitted to the Minister of Health. The budget reported in the statement of operations reflects the original $33,435 deficit.



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## NOTE 6 CASH

(in thousands)

Cash in the amount of $95,245 (2014 - $62,573) include deposits in the Consolidated Cash Investment Trust Fund (CCITF) amounting to $95,096 (2014 - $62,451). Cash as at March 31, 2015 includes restricted cash of $38,137 (2014 - $15,730). As at March 31, 2015, securities held by the Corporation have a return of 1.2% per annum (2014: 1.2% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

## NOTE 7 FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments include cash, accounts receivable and other assets and accounts payable and accrued liabilities. The Corporation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Corporation's financial instruments are exposed to credit risk, market risk and liquidity risk.

a) Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the corporation. The Corporation's accounts receivable are exposed to credit risk. Management manages this risk by continually monitoring the creditworthiness of counterparties and by dealing with counterparties that it believes are creditworthy.

b) Market Risk

Market risk is the risk of loss from unfavourable change in fair value or future cash flows of a financial instruments causing financial loss. Market risk is comprised of currency risk, interest rate risk and price risk. The Corporation's cash is exposed to interest rate risk. Management manages this risk by continually monitoring the Corporation's deposits in the CCITF and their corresponding rate of return.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's accounts payable and accrued liabilities are exposed to liquidity risk. Management manages this risk by continually monitoring cash flows.



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## NOTE 8 ACCOUNTS RECEIVABLE AND OTHER ASSETS

(in thousands)

| | 2015 | | | 2014 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Accounts Receivable | $ 651 | $ - | $ 651 | $ 8,422 |
| Other Receivables | 299 | - | 299 | 105 |
| | $ 950 | $ - | $ 950 | $ 8,527 |

Accounts receivable are unsecured, non-interest bearing and reported at their net realizable value.



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## NOTE 9 TANGIBLE CAPITAL ASSETS
(in thousands)

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Equipment | Computer hardware & software (c) | Leasehold improvements (b) | Total | Total |
| **Estimated Useful Life** | 5-10 years | 3 years | | | |
| **Historical Cost (a)** | | | | | |
| Beginning of Year | $ 444 | $ 1,851 | $ 838 | $ 3,133 | $ 3,272 |
| Additions | 11 | 106 | 50 | 167 | 102 |
| Disposals | - | (2) | - | (2) | (241) |
| | $ 455 | $ 1,955 | $ 888 | $ 3,298 | $ 3,133 |
| **Accumulated Amortization** | | | | | |
| Beginning of year | $ 346 | $ 1,094 | $ 750 | $ 2,190 | $ 2,184 |
| Amortization expense | 12 | 214 | 43 | 269 | 223 |
| Effect of disposals | - | (2) | - | (2) | (217) |
| | $ 358 | $ 1306 | $ 793 | $ 2,457 | $ 2,190 |
| **Net Book Value at March 31, 2015** | $ 97 | $ 649 | $ 95 | $ 841 | |
| **Net Book Value at March 31, 2014** | $ 98 | $ 757 | $ 88 | | $ 943 |

(a) Equipment includes office equipment and furniture, and other equipment.

(b) Leasehold improvements are amortized over the lease term.

(c) Historical cost includes computer hardware and software work-in-progress at March 31, 2015 totaling $31 (2014 - $399)

## NOTE 10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

| | 2015 | 2014 |
|---|---|---|
| Accounts Payable and Accrued Liabilities | $ 9,270 | $ 11,718 |
| Other | 151 | 253 |
| | $ 9,421 | $ 11,971 |



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## NOTE 11 DEFERRED REVENUE

(in thousands)

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Government of Alberta | Federal Government | Non-Government | Total | Total |
| Balance, beginning of year | $ 19,958 | 2,912 | 893 | $ 23,763 | $ 10,225 |
| Received/receivable during year | 21,404 | 4,947 | 500 | 26,851 | 28,696 |
| Restricted realized investment income | 119 | - | - | 119 | 72 |
| Less amounts recognized as revenue | (11,546) | (250) | (250) | (12,046) | (15,230) |
| Balance, end of year | $ 29,935 | 7,609 | 1,143 | $ 38,687 | $ 23,763 |

## NOTE 12 BENEFIT PLANS

(in thousands)

(a) Pension Plan

The Corporation participates in a Defined Contribution Pension Plan pension. The expense for this pension plan is $445 (2014 - $357). AIHS accounts for this plan on a defined contribution basis.

(b) Accrued Retirement Allowance

The Benefit Plans consists of the unfunded liability for the Corporation's supplemental retirement plan, the benefits under which are paid for entirely by the Corporation when they come due. There are no plan assets. There are no active members remaining in the plan and two retired members eligible for benefits.

At March 31, 2015 these plans have net accrued liability of $328 (2014 - $378).

| | 2015 | 2014 |
|---|---|---|
| Benefit Plans – Beginning of year | $ 378 | $ 428 |
| Interest cost | 3 | 3 |
| Benefits paid | (53) | (53) |
| Benefit Plans – End of year | $ 328 | $ 378 |



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## NOTE 13 CONTRACTUAL OBLIGATIONS
(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | 2015 | 2014 |
|---|---|---|
| Obligations under grants and awards and office premises | $ 184,746 | $ 205,624 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | Grants and Awards (a) | Office Premises (b) | Total |
|---|---|---|---|
| 2015-16 | $ 69,188 | $ 601 | $ 69,789 |
| 2016-17 | 45,894 | 682 | 46,576 |
| 2017-18 | 37,974 | 706 | 38,680 |
| 2018-19 | 24,471 | 698 | 25,169 |
| 2019-20 | 1,789 | 698 | 2,487 |
| Thereafter | 300 | 1,745 | 2,045 |
| | $ 179,616 | $ 5,130 | $ 184,746 |

(a) Grants and awards are recorded as commitments when all terms and conditions have been agreed to but eligibility criteria have not been met.
(b) The Corporation has entered into a 104 month lease for office premises. The lease was re-negotiated on January 29, 2014 and expires on September 30, 2022.

## NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors.



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**ALBERTA INNOVATES - HEALTH SOLUTIONS**
**Schedule 1**
**Expenses - Detailed by Object**
**For the Year Ended March 31, 2015**
(in thousands)

| | 2015 Budget | 2015 Actual | 2014 Actual |
|---|---|---|---|
| Grants | $ 124,540 | $ 74,021 | $ 93,598 |
| Supplies & Services | 9,573 | 7,043 | 6,086 |
| Salaries, Wages & Employee Benefits | 6,972 | 6,245 | 5,342 |
| Amortization of Tangible Capital Assets | 375 | 269 | 223 |
| Loss on Disposal of Tangible Capital Assets | - | - | 24 |
| | $ 141,460 | $ 87,578 | $105,273 |



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## ALBERTA INNOVATES - HEALTH SOLUTIONS
**Schedule 2**
**Salary and Benefits Disclosure**
**For the Year Ended March 31, 2015**
(in thousands)

| | 2015 | | | | 2014 |
|---|---|---|---|---|---|
| | Base Salary [1] | Other Cash Benefits [2] | Other Non-Cash Benefits [3] | Total | Total |
| Chair of the Board | $ - | $ - | $ - | $ - | $ 0 |
| Board Members | - | 25 | - | 23 | 26 |
| Chief Executive Officer [4] | 340 | - | 46 | 386 | 414 |
| Chief Partnership Officer [5] | 258 | - | 55 | 313 | 279 |
| Executive/Vice Presidents: | | | | | |
| Vice President - Corporate Services [6] | 192 | - | 32 | 224 | 133 |
| Vice President – Initiatives and Innovations [7] | 171 | - | 43 | 214 | 51 |
| Vice President – Provincial Platforms & SPOR [8] | 63 | - | 19 | 82 | - |
| Strategic Advisor, CEO [9] | 76 | - | 27 | 103 | - |

(1) Base salary includes regular salary.

(2) Other cash benefits include earnings such as honoraria.

(3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans and professional memberships.

(4) On March 5, 2015 the Chief Partnership Officer was named interim Chief Executive Officer after the Chief Executive Office passed away.

(5) The Chief Operating Officer position was reclassified as Chief Partnership Officer in the fiscal year.

(6) The Vice President – Corporate Services position was vacant from March 15, 2013 to August 12, 2013.

(7) The Vice President – Health Technologies position was reclassified as Vice President – Initiatives and Innovations in the fiscal year.

(8) The Vice President – Provincial Platforms & SPOR is a new position that was filled on January 5, 2015.

(9) The Strategic Advisor, CEO is a new position that was filled on July 1, 2014.



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**ALBERTA INNOVATES - HEALTH SOLUTIONS**
**Schedule 3**
**Related Party Transactions**
**For the Year Ended March 31, 2015**

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the corporation. The corporation and its employees paid of collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect changes applicable to all users, and have been excluded from this Schedule.

The Corporation had the following transactions with related parties which are recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | (in thousands) | | | |
|---|---|---|---|---|
| | Entities in the Ministry | | Other Entities Outside of the Ministry | |
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | |
| Grants | $ 97,113 | $ 100,363 | $ 819 | $ - |
| Other Revenue | 156 | 71 | 7 | 4 |
| | $ 97,269 | $ 100,434 | $ 826 | $ 4 |
| Expenses – Directly Incurred | | | | |
| Grants | $ 3,062 | $ 4,085 | $ 69,063 | $ 87,309 |
| Other Services | 192 | 58 | 692 | 867 |
| | $ 3,254 | $ 4,143 | $ 69,755 | $ 88,176 |
| Receivables from | $ 45 | $ 6,845 | $ 524 | $ 1,074 |
| Payables to | $ 153 | $ 549 | $ 7,883 | $ 9,860 |
| Deferred Revenue | $ 27,004 | $ 17,208 | $ 2,931 | $ 2,750 |
| Contractual obligations | $ 6,375 | $ 6,237 | $ 172,719 | $ 192,799 |



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## ALBERTA INNOVATES - HEALTH SOLUTIONS
**Schedule 4**
**Budget**
**For the Year Ended March 31, 2015**

| | Original Budget | Reclassifications | Budget |
|---|---|---|---|
| | | (in thousands) | |
| **Revenues** | | | |
| Government Transfers | | | |
| Government of Alberta Grants | $ 101,794 | $ - | $ 101,794 |
| Partnership Revenue | 4,797 | - | 4,797 |
| Other Revenue [1] | 1,434 | (450) | 984 |
| Investment Income [1] | - | 450 | 450 |
| | 108,025 | - | 108,025 |
| **Expenses** [2] | | | |
| Strategic Investment | 73,154 | (3,845) | 69,309 |
| Platforms for Success | 16,123 | 2,700 | 18,823 |
| Relationship Development | 16,817 | (630) | 16,187 |
| Impact Evaluation and Acceleration | 1,850 | 425 | 2,275 |
| Building Capacity | 12,500 | 1,350 | 13,850 |
| Emerging Opportunities | 9,750 | - | 9,750 |
| Operating / Administrative Costs | 11,266 | - | 11,266 |
| | 141,460 | - | 141,460 |
| Annual operating surplus (deficit) | $ (33,435) | $ - | $ (33,435) |

[1] Interest Income was included in Other Revenue and has been reclassified to Investment Income.

[2] ACPLF expenses reallocated to other key initiatives.



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# Other Information

Ministry of Health

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# Unaudited Information

## DEPARTMENT OF HEALTH

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2015

(in thousands)

| | | 2015 | 2014 |
|---|---|---|---|
| Compromises | | | |
| | Health Care Insurance Premiums | $ — | $ 16 |
| Write-Offs | | | |
| | Medical Claim Recoveries | 2,426 | 2,394 |
| | Pharmaceutical Funding Branch | 1,200 | 154 |
| | Other Receivables | 418 | 921 |
| Total Remissions, Compromises and Write-offs | | $ 4,044 | $ 3,485 |

The above statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.



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# Alberta Health Services, Health Quality Council of Alberta and Alberta Innovates — Health Solutions Financial Statement Highlights

This section highlights the financial results of Alberta Health Services (AHS), Health Quality Council of Alberta (HQCA) and Alberta Innovates — Health Solutions (AIHS) for the fiscal year ended March 31, 2015. The financial statements were prepared under Alberta Health's Financial Directives (for AHS only) and Public Sector Accounting Standards.

## Alberta Health Services

### Operating Results

- For fiscal 2014-2015 AHS reported a $2.5 million annual operating deficit, compared to a prior year surplus of $156 million. The deficit was mainly due to increased activity levels in acute care, diagnostic and therapeutic services and home care offset by vacancies in physician recruitment and delayed implementation of new initiatives.
- 2014-2015 expenses were $13.8 billion, compared to $13.0 billion in the prior year — a 6.2 per cent increase overall, of which 3.7 per cent or $482 million relates to salaries and benefits. AHS employed 75,955 Full-Time-Equivalents as of March 31, 2015.
- Administration costs in 2014-2015 were $448 million, or 3.2 per cent of total expenses. 2013-2014 administration costs were $421 million, or 3.2 per cent of total expenses.
- The Canadian Institute for Health Information (CIHI) reports administration expense as a financial performance indicator calculated based on administration expense, net of recoveries, and total expenses, net of recoveries and inclusive of bad debt expense. For 2014-15 AHS' indicator was 3.2%.

### Financial Position

- AHS reported tangible capital assets of $7.5 billion at March 31, 2015, same as in the prior year.
- At March 31, 2015, AHS reported debt of $339 million, a decrease of $11 million from the prior year, the majority of which relates to the construction of parkades. AHS is compliant with its authorized borrowing limits.
- At March 31, 2015, AHS reported net assets of $1.3 billion.

## Health Quality Council of Alberta

### Operating Results

- For fiscal 2014-2015 HQCA reported an annual operating surplus of $209 thousand, compared to a prior year surplus of $485 thousand. The surplus was mainly due to lower than anticipated project spending and delays in hiring new staff,
- 2014-2015 expenses were $6.9 million, compared to $6.7 million in the prior year – a 2.2 per cent increase overall, including a 17.5 per cent increase for salaries and benefits. HQCA employed 30 Full-Time-Equivalents as of March 31, 2015.

### Financial Position

- At March 31, 2015, HQCA reported net assets of $2.6 million.
- HQCA reported tangible capital assets of $1.1 million at March 31, 2015, compared to $149 thousand in the prior year.
- HQCA has no debt.



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## Alberta Innovates – Health Solutions

### Operating Results

- For fiscal 2014-2015 AIHS reported an annual operating surplus of $12.7 million, compared to a prior year deficit of $2.0 million. The surplus was mainly due to delays in the implementation of multiple projects.
- 2014-2015 expenses were $87.6 million, compared to $105.3 million in the prior year – a 16.8 per cent decrease overall, including an increase of 16.9 percent for salaries and benefits. AIHS employed 59 Full-Time-Equivalents as of March 31, 2015.

### Financial Position

- At March 31, 2015, AIHS reported net assets of $48.6 million, an increase of $12.7 million from the prior year.
- AIHS reported tangible capital assets of $841 thousand at March 31, 2015, compared to $943 thousand in the prior year.
- AIHS has no debt.



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TABLE I

ALBERTA HEALTH SERVICES, HEALTH QUALITY COUNCIL OF ALBERTA AND ALBERTA INNOVATES - HEALTH SOLUTIONS
ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED MARCH 31, 2015

| | ALBERTA HEALTH SERVICES | | HEALTH QUALITY COUNCIL OF ALBERTA | | ALBERTA INNOVATES - HEALTH SOLUTIONS | |
|---|---|---|---|---|---|---|
| | 2014/2015 ACTUAL | 2013/2014 ACTUAL | 2014/2015 ACTUAL | 2013/2014 ACTUAL | 2014/2015 ACTUAL | 2013/2014 ACTUAL |
| I. ADMINISTRATION COST AS A % OF TOTAL EXPENSES | 3.2% | 3.2% | 35.2% | 35.0% | 11.6% | 8.8% |
| II. TOTAL FTEs *(excludes Board)* | 75,935 | 73,366 | 30 | 24 | 59 | 59 |

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# Other Statutory Reports

## *Public Interest Disclosure Act*

Section 32 of the *Public Interest Disclosure Act* requires the Ministry to report annually on the following parts of the Act:

(a) the number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) the number of investigations commenced by the design ed officer as a result of disclosures;

(c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2014-15 for the Ministry, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office pursuant to the Act.



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